

WHY NEW PRODUCTS FAIL & HOW NOT TO

CHECK LIST

The fact is most new food and beverage products will fail. People set out every day to develop new products. Creating a successful new product or service is more than just coming up with and developing an idea. Any new value-added innovation needs the support of business management and production system, human resources, marketing and sales skills and finances to ensure that you can give your product the support it needs to succeed.

The following are challenges new product developers often face. By thinking about them up front and planning for and around them you can fend off a lot of problems.

LACK OF CONFIDENCE

Thinking that you don't have the skills or that it might be too risky. Uncertainty can be a paralyzer. However, you will gain confidence when you prepared a good business plan/model, attract the skills and resources that you need to succeed and reduce the risk.

POOR CASH FLOW MANAGEMENT

Lots of profitable businesses fall by the wayside because they can't manage their cash flow. Cash flow is king in business, so treat this royal position with the respect it deserves, watch the expenses and make cash flow projections to help identify the potential shortfalls. Establish your credit before you need it and keep your overhead low, lean and mean.

FAILURE TO CREATE A PLAN

You will need a forward-looking plan, a map that can guide you to the future. Some will say that things move too fast for a plan it get outdated too quickly. The real value in planning is not creating a plan document, rather it is what you learn as you go through the planning process. A poor plan is better than no plan.

A WEAK VALUE PROPOSITION

A weak value proposition means you don't really understand the competitive edge associated with your product. When you have a strong value proposition you can compete on product value not price. Define what is your special advantage in the marketplace and why someone should buy your product over all the other choices they have. Separate your product in and from the sea of commodity sameness.

IT'S BEEN DONE BEFORE

Do your research up front before you make any investment. Just because you haven't seen it before doesn't mean it doesn't exist. Don't mistake your world for the world.

NO TARGET MARKET/ NO CLEAR MARKETING STRATEGY

Everyone is not your customer! You need to define who your customer is and then learn everything about them; learn to enter into the conversation going on in the customer's mind, so you know what they want to buy and why. You can't market to or hit an unknown target. Spending money on unfocused advertising and market hoping it sticks to a customer is throwing money down a big black hole.

FAILURE TO TEST THE MARKET

It is very easy to fall in love with a new value-added product idea or innovations and lose objectivity. Testing the market validates your opportunity and determines if anyone wants to buy your products. Test the market before you build your factory. Your product is not for everyone; you just need to be sure that it is going to be for someone before you risk investing all your resources into the project.

POOR LEADERSHIP

Yes, the captain traditionally goes down with the ship, but it's not the captain's job to sink the ship. Businesses succeed as a result of strong leadership. Do you have what it takes to lead your organization to where it needs to go? There is nothing wrong with having someone else be the leader if they have better leadership skills. Product development people are not usually the best leaders, and entrepreneurs don't always make the best business managers.

NOT RETAINING CUSTOMERS

It is a lot harder and more costly to get new customers than to retain your existing ones. You will hear all kinds of numbers used, the one I remember from way back is that if it costs you a \$1 to keep a customer it will cost you at least \$20 to get a new one. The easiest customer to sell to is the one that already has had a positive purchasing experience with you. Don't focus so much on developing your new customers on the front end, that you lose your existing ones out the back door.