



Trilogy Associates

Markets • Technologies • Business Development

Achieving Business Growth with New Products

---- 20 Questions to Answer Before You Commercialize ----

1. Why are you seeking growth?

- Raise your profile in the market
- Increase profitability
- Enhance shareholder value
- Satisfy employee aspirations
- Just survive

2. Why is a new product the right way to achieve growth?

- Better exploit existing distribution channels
- Build stakeholder enthusiasm
- Implement your corporate growth strategy
- Utilize excess production or development capacity
- Improve margins
- Enter a new market

3. What do you intend to achieve?

- Meet new revenue targets
- Fill out a product line
- Establish a new product line
- Build a new business unit
- Create a new company

4. What product concept do you have in mind?

- Minor adjustment
- Major departure
- New benefits
- New value model
- New delivery model
- Radical change in usage pattern
- Adding a service component

5. What's the business model for generating revenue?

- Product sales
- Service revenues
- Royalties
- Pull-through in other lines
- Commissions
- Giveaways linked to future revenue opportunities

6. Which customers do you intend to serve?

- Existing base
- Subset of existing customers
- Existing base plus others
- New customers only

7. What customer need(s) do you aim to meet?

- Address existing deficiencies
- Improve efficiency and economics
- Enhance ease of use
- Improve reliability
- Create new opportunities
- Revolutionary business transformation

8. What factor will ultimately compel a customer to buy?

- Points of sustainable competitive differentiation
- Outstanding product performance
- Dramatically lower cost of ownership
- Elimination of work
- Revolutionary new method

9. How large is your available market?

- Characteristics of prospective purchasers
- Target geography
- Number of available installation sites
- Number of uses/procedures per unit time
- Competitive positioning
- Closed doors



Realistic penetration rate

10. How do you intend to sell, distribute and support the product?

Existing versus new channels
Direct selling force
Independent reps
Value-added resellers
Stocking distributors
OEM channels
Catalogs
Internet
Existing technical service force
In-house customer service
Third-party service

11. How will you create awareness of, or market, the product?

Product positioning
Existing marketing staff
New, dedicated marketing team
Marketing partner
Collateral
Advertising
Trade press
Co-marketing and referrals

12. What's the pricing/cost/profit picture?

Existing pricing patterns for competitive products
Pricing trends
Value proposition
Discounts
Recurring costs to produce comparable goods
Capital investment
Margin requirements and expectations
Loss leadership

13. How much risk are you willing to take to be successful?

Cash cow
Existing revenue stream



- Market readiness
- Working prototype
- Unproven technology
- Market research
- Early checkpoints of success

14. Where and how will the product be developed and produced?

- Licensing versus invented here
- In-house development and manufacturing
- Contract development and/or production
- License out
- Internal champion

15. What kinds of alliances will be needed to be successful?

- Technology licensor
- Development and/or manufacturing partner
- Marketing partner
- Sales channels
- Distribution partner
- Joint venture
- Acquisition
- Licensee

16. What product specifications must be met?

- Principal purpose
- User profile
- Basic functions or services offered
- Performance characteristics
- Physical characteristics
- User interface
- Machine/data interfaces
- Reliability requirements
- Cost of ownership
- User guidance
- Customer/technical service requirements

17. How and when do you intend to launch the product?

- Trade show opportunities



- Regulatory constraints
- Identification of required resources
- Budgetary constraints
- Realistic commercialization schedule
- Marketing plan
- Sales training
- Rollout schedule

18. What unit sales goals have been set?

- Market research
- Product readiness
- Pricing
- Production constraints
- Distribution pipeline
- Salesperson awareness and motivation
- Competitive profile and expected response
- Early adoption
- Widespread acceptance

19. What are the projected investment and return?

- Stakeholder requirements
- Comprehensive financial plan
- Revenue and expense assumptions
- Cost learning curve
- Volume elasticity
- Breakeven analysis
- Capital expense amortization
- Pricing dynamics

20. Do you still want to move forward?

If the answer is **yes** and you have done your homework, charge ahead. You probably have a winner.

If the answer is **no**, understand why not and attempt to address the problems. If the problems cannot be solved, abandon your new-product plan before investing heavily.

