

EXPEDITING NEW PRODUCT INTRODUCTIONS THROUGH INNOVATION PLATFORM IN NEW NORMAL ERA

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Whitepaper



Preface

In the wake of Covid -19, the consumer goods companies are relooking at the demand forecasting & inventory optimization. The fundamental question of what new product to introduce in the market, remains same and more relevant in today's scenario. The new preferences of safety, transparency & ecofriendly products are at the fore-front. In the "New Normal", Consumer goods companies can't go with their traditional timelines of New product Introduction (NPI) cycle. It must be quite shortened to be effective in the business and meeting the consumer's preferences. This "New Normal" brings the necessity to have a platform which helps not only to shorten the timelines for new product launch but also meets new preferences.

Problem Statement

As we understand that launching a new finished product in today's challenging business environment is not an easy task. It requires a complex set of inputs across different business functions, work them seamlessly and make sure the outcome meets organization business goals. The traditional timelines in the fashion industry is somewhere around 12 to 18 months and same is the scenario in Food & Beverage industry also. Hence, a well-executed product launch will improve sales, resulting in a more profitable product portfolio and most importantly, improve the brand value.

Concept To Launch (CTL) Platform

To shorten the timelines for go to market for new products, we should have a platform, let's call it CTL – "Concept To Launch" Platform, which will improve information accuracy through automation, create efficiencies via non-value activities elimination and results in increase in speed to market by bringing the visibility to right stakeholders across functions in an organization. The dynamic consumer behavior, fluctuating demand patterns, preferences for eco-friendly products makes it very relevant during New Normal Era. The CTL platform will help business users to select and commercialize the new products through various stages starting from conceptualization to sales to obsolesce.

It is very critical business process since it involves not only the different business users such as planning, finance, pricing, packaging etc. but also for senior management's visibility in term of which new product will be launched and they are at what stage.

The CTL Platform is a platform where new styles / product / category / SKU are defined, conceptualized, prototyped and retired under various stages of its lifecycle. The key objective of this platform is to reduce the timelines for Go to Market (GTM) and bring many operational efficiencies across business functions. It provides visibility to different stakeholders such as business users across functions, technical team, senior management and even suppliers. The three core pillars of different modules /components of the platform should be strategic alignment, Manufacturing feasibility and financial viability

Following diagram represents the need and key module of CTL Platform:

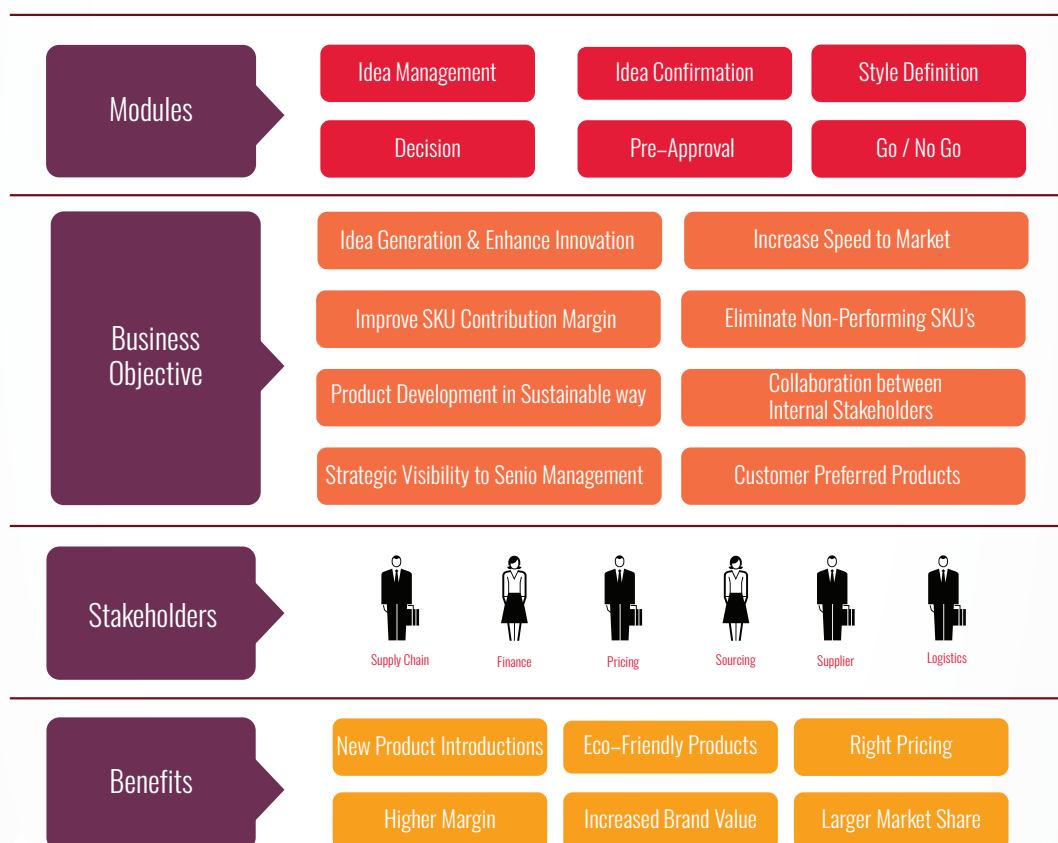


Fig: CTL Platform Framework

1. Idea Management

Idea management is a stage at which, the new product is conceptualized. When we say new product, it could be “new” in terms of ingredients, packaging, Pricing, Messaging or any other attribute associated with the Product. At this Stage, high-level information and data points related to new product / style is put up in the platform. The information related to various parameters such as materials, product specification, Target market, Price Range etc. will be put up in the platform. The information related to these attributes will be at high level only. The key assumptions, rationales (Why this style), market fitment and Industry benchmarks will be captured before moving to next stage.

The Product / Style owner (person who is putting up the information in the platform) must make sure the strategic alignment, manufacturing feasibility and financial viability before moving to next module. There will be only one decision maker at this stage, and it will be category head.

Post approval from decision maker, one moves to next stage. This stage is complete post approval and related alerts and notifications are triggered to the product / style Owner, category head and other key relevant stakeholders.

2. Idea Confirmation

Once product is conceptualized at high level; one needs to elaborate on the product / style. Hence, this is the stage, where further information about the new product / Style is filled and fine- tuned. The information about material, manufacturing, price, Packaging etc. is put up by the Subject Matter Experts (SME). Before completing this module, information related to all parameters should be approved.

The next phase, Style definition is activated only when the SME confirms to strategic alignment, manufacturing feasibility and financial viability in this module. There can be multiple decision makers at this stage such as category head, manufacturing head and Finance head. Post approval from decision makers, one moves to next stage.

This stage is complete post approval and related alerts and notifications are triggered to the product /style Owner.

3. Style Definition

In this stage, SME's define all possible product attributes to make clear style definition. In this phase, critical business rules such as pricing, manufacturing, sourcing, marketing, packaging etc. will be involved and SME's final validation is required before it moves to next phase, Decision. The next phase opened up / gets activated only after SME's confirmation to strategic alignment, manufacturing feasibility and financial viability in this Phase. The purpose of this stage is to make the information related to new product /style very clearly define and that helps in decision making in next stage.

At this stage, there will be multiple decision makers across different business functions such as category, manufacturing, sourcing, pricing, packaging and finance head etc. Post approval from decision makers, one moves to next stage. This stage is complete post approval and related alerts and notifications are triggered to the product /style owner.

4. Decision

After defining all details related to new product/ style, decision is taken at this stage. The decision is taken whether to move further or not with the new product / style. We get details such as financials (Price, margin, breakeven, total profit etc.), Style Risk etc. at this stage, which helps the stakeholders across functions to decide whether to move on or not. If rejected, the new product /style program is cancelled or may go back to previous stage, Style Definition. This is very critical stage for the new product introduction point of view since so far, all the activities related to the product were only on the platform so far. The physical stage of prototyping will be from next stage onwards.

5. Pre –Approval

This stage is primarily, known as style processing stage. As mentioned earlier, no material has been moved in the previous four stages. Once new product / style is approved for launch, the material movement starts, which means prototyping starts. The prototypes are built, and all the possible risks, advantages, challenges, differentiators and entire proto development journey is captured in the CTL platform. Any changes to this new product / style attribute, the alerts will trigger, and it may go back to previous stage, decision. At this stage vendor may also be part of the prototyping depends on the product specifications.

6. Go / No GO

This is final approval Stage before Go to market (GTM) for the new product / style. Based on the details from previous stages, primarily style definition, decision and Pre –Approval stage, the decision is taken for Go / No GO for bulk manufacturing and eventually launching the product. The Go decision permits the new product / style to be produced and shipped for sale. From CTL platform process point of view, the new product /style launch is considered complete at this time.

From technology perspective, the CTL platform can be integrated with existing applications such as PLM, ERP, CRP and other business critical applications to make it futuristic solution for various stakeholders. Let's not confuse between PLM and CTL platform since PLM solution is a product lifecycle solution whereas a CTL platform would be product innovation platform to enhance the innovations in optimal time with economical price but in sustainable way.

Conclusion

The changed dynamics post Covid -19 has enforced consumer packaged goods companies to rethink their strategies across various aspects of the business and product launch is one of them. Those are the gone days when the timelines from concept to market are in many months as we witnessed in fashion, food or even personal care industry in pre-Covid era. The new normal is pushing the companies to launch new products as per the new market dynamics in terms of changed demand, economical pricing, environment friendly, right size or variant and many others. There is an urgent need for a platform, where all the stakeholders get visibility, make relevant contribution and bring synergies across functions to develop sustainable products at right price and well in time.

About the Author



Amit Bhatia works as a Principal Consultant for Consumer Goods Vertical Business Unit at Tech Mahindra. Amit has extensive experience of more than 18 years spread across serial entrepreneurship, strategy, Team building, turning idea into revenue generating venture, Consulting, Supply chain in the Fashion, Retail & CG industry. Amit had authored multiple whitepapers, articles, newsletters and blogs across various National and International forums. Amit has done dual Masters – MBA from ISB – Hyderabad & Garment Manufacturing Technology from National Institute of Fashion Technology and Engineering from NIT -Calicut, Kerala.

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