

Building Innovation Healthy for a Company

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My business could use some new product ideas. How do I go about looking for them? How do I choose what to pursue?

Every healthy business has to renew its product or service lines regularly. Sticking with the same old formula can leave the business stale, and eventually will lead to a downward spiral of revenue as clients tire of the same old thing and move on. Building innovation into the company is one of the healthiest things any business owner can do.

Here are some ideas on what you can do to get moving on product innovation. Build solutions for a client base that you can grow with. Choose wisely, when deciding which clients to use as models for the future of your business. Use testing to protect your budget. Build a mix of approaches.

Consider what are the markets your current clients are in, noting which of those markets are expanding and which are shrinking. You don't want to end up manufacturing buggy whips as the market you serve moves from horse drawn carriages to automobiles. You can get demographic data from industry organizations – just about every industry has some kind of affiliate association.

Build solutions for your most profitable and rapidly growing

customers. Grow with them because they can afford to buy what you offer and will need more in the future. Find out which of your prospects and clients are successfully growing and building profit in their businesses, and which aren't. Steer your sales efforts towards the growing group.

Technology investment is a key indicator of future growth. In general, the more computer savvy and technology driven the industry, the greater it's potential to thrive in the future. The less technology orientation, the more likely the industry segment will struggle to grow in the future. You want to work in markets that are likely to expand naturally, so that your business can grow as the market grows. That means building products or services for smart business owners who are already investing in technology solutions in order to grow their businesses.

Define best customers in terms other than just revenue to your company. When choosing good customers, look at things like loyalty, progressive outlook, and strong business models. Look for customers who are the leaders in their industries.

Look at both current clients and their strongest competitors. It may be that you're just serving the weaker players in a market. You may do well if you can cultivate a new group of clients

within the market you already serve.

Find out what your clients, and their strongest competitors, are doing to get better at their game. Find out where they struggle and see if you can come up with a solution to fill that need. Charge a premium because you're giving them both a product to use and you're enhancing their business with a skill set they don't currently possess.

For example, let's say that your clients don't know enough about how to solve a problem within their businesses – a common problem. Put a solution spin on your product or service. Then teach your customers how to use your product to fix the problem they couldn't solve.

Figure out which products or services to leave behind, and shift some of your money into new product development. Try out new ideas on your most profitable and growth oriented customers. Think of tests in stages – alpha, beta, then live product or service launches.

Too many businesses try ideas, fail and give up, when if they'd only kept trying a little longer they would have achieved real success. Make the first test, the alpha round, relatively short. Critically assess what worked and what didn't. Move on to the second testing round, called the beta test. Perfect what you're



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doing as a result of this second testing round. Then go live with a carefully honed product or service that's demonstrated market acceptance through the testing process.

Use niches to expand your successful products. Tailor your product to each industry you serve. Sell the same thing over and over, but make it look different and appealing to each specific industry.

Build a plan with a mix of options, from slight modifications to niche development to brand new product launches. Don't put all your eggs in one basket. Have lots of clients, in lots of industries, favoring those that are naturally growing.

Looking for a good book? Here's a good starting point. Try *New Product Development for Dummies* by Robin Karol and Beebe Nelson.

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