

# The New Product Checklist



By Rick Hill

Before you venture into creating a new product — stop and ask yourself the following questions

**A**fter 16 years of selling for several major companies, OnPoint has promoted a lot of new ideas and products. More fail than succeed. Many fail even though they are “better mousetraps,” and some fail because they were bad ideas from the start. You know some products are going to fail the minute you see them.

If you ever watched the TV show, “American Inventor” you would understand my point.

I often feel that the same planning goes into many of the new products introduced to the wood-working industry. We think we have a great idea, but we refuse to take the bag off of our head and look at how foolish it may be.

As manufacturers of wood products, we tend to look at every idea in our own context of manufacturing. When we browse catalogs, we think, “I could make that,” or worse, “I could make that cheaper.” We don’t think about how it is marketed, promoted, packaged, distributed or even sold.

“I can make it; therefore, I should.” Before making the investment in time and material, perhaps you should ask yourself a few questions outlined here in my New Product Checklist.

## 1. Why are we making this product?

Because we can is obvious, but it is the least important answer. More importantly, who is asking for this product? What problem does it solve? Is this a need from one customer or a product that we can sell to many customers? What is our target audience? Have we asked them if they want it and how many they would use?

We have to talk with the customers before we look at any further steps in a new product introduction. If they don’t want it, we shouldn’t make it. But, the customer may also give us better ideas on how to build and package the new product.

An unethical salesperson can sell some people something they don’t really want, once. But they can rarely sell it to them twice. Great sales are built on repeat orders not initial sales. The old days of “If we make it, they will come” are over. Now we have to listen and build what they want, not what we want.

## 2. Are we replacing a product?

An older version? Our competitor’s product? Even if your idea is brand new, it is replacing or improving some current product, method or system. If you are replacing an older version of an existing product, you have a lot of planning ahead.

How are you modifying the existing product? Are you returning it, upgrading it, waiting for it to sell before replenishing with the new version? If it is the competitor’s product, why are we better? What are we offering that they cannot? Does our customer want to change or is it just us that wants the change. How will this new product make our customers’ lives better, easier, or help them sell more?

A few years ago we introduced a new cabinet product to our distributors. It was an upgrade with a better finish, lower price and stronger hardware. National ads touted the new product upgrades, sales staff were trained on how much better it was than our old version, promotions and sales spiffs were organized to keep the momentum going. Everything was planned out well, except one little detail. Our represented company forgot to work with the distributors prior to introducing the product. They forgot to ask the distribution channel or us how much of the old, now lesser quality product they had on their shelves. It turns out they had truckloads. Truckloads of older, usable but now lesser product they need to sell. Not only did they have the older version, but also because some of the distributors did not rotate stock, they had an even older version hiding in the back of the rack.

If we had planned it right, we would have promoted the old version first at blowout pricing, drew down stock and then promoted the new item. Instead, the company took back and dumped whatever wouldn’t sell, depressing their new product introduction and severely cutting into the early profits for the first two years.

## 3. Packaging — What does the customer want?

Many times the package can make or break a new product; sometimes the packaging itself is the new product. In the moulding industry it is

common for the manufacturers to sell product in random lengths. As they make the moulding, they cull out the knots and ship the customer a mix of lengths instead of all 8-ft. pieces. The manufacturers knew that the end users were cutting the mouldings down for installation, so they assumed random lengths were easier and cheaper.

One of the moulding manufacturers realized that though this was a less costly way of working, it had some problems. Often the customer was repackaging the moulding and shipping it with the cabinets to be assembled on-site. The installers were left with too many short lengths, forcing them to order more than needed for each job.

The customers were also having a problem with entering the amount of moulding assigned to each job in their software. It was never consistent.

So this moulding manufacturer changed the packaging. They created a box of four 8-ft. strips of the most common mouldings. They stocked rope and dentil moulding in the most common species and the most common sizes. They asked a few percentage points more for the packaging, but the distributors and customers loved it. Now customers could always have enough for each job, figure their costs quickly and receive their moulding in a clean usable form. As the volume grew, the distributors became enthralled with the ease of selling this packaging. They began to ask for different mouldings and new species to be packaged this way. To increase the distributor turns, the manufacturer stocks more of the lower volume species and drop ships boxes as needed. The new packaging became the standard entry into the distributor market for all moulding manufacturers.

## 4. Price, quality and delivery: Can we be competitive in all three areas?

How many can we do, and is that enough? Is this a “me too” item or does it have unique strengths. Are these strengths important to the customer?

## 5. How will we market this product?

What’s the marketing plan? When will we introduce it and how? What promotions, advertising, displays, literature, news releases and training materials will we need for this new product? Is our website updated and featuring this item?

## 6. Which sales channels will we use?

Distribution, direct or both? What training will we have to do for our salespeople, distributors and end users? Do we need to schedule ride-alongs with the distributor outside sales teams? When will we train their inside sales teams? Will we introduce this one region at a time or nationwide? What promotions and sales incentives are we planning to entice sales teams with? What is our budget and program for sales samples?

## 7. Patience: The product needs it; do we have it?

Do we have the patience to stick with this product until it can be launched successfully nationwide? How will we keep our people and the market focused on it as it grows?

Patience is essential in new product intro-

ductions. Every market has a group of “early adopters,” people that take on new products and technology quickly. The majority of the customers will watch these early adopters for signs of product acceptance or rejection. If the first group accepts the product, then the rest of the market will start to consider it. This is a normal buying process and any glitch in product quality, shipping or packaging will substantially delay the acceptance.

### 8. How are we going to test this outside of the marketplace?

Never introduce a product into your market if it hasn't been tested. If the product fails initially, the reputation is established, and the fixed, second version will be a much harder sell.

When I first got into the rep business, I made a lot of mistakes, but this one still sticks with me. A local manufacturer of solid surface tops came up with a great idea. He was going to make solid surface knobs and pulls to match the countertops. He showed me the sample boards he had created and had a great price. I loved it and promptly told several of the other reps in our WoodReps.com organization about it. One rep in Florida jumped on the product and immediately sold 10,000 pulls to a distributor. Six weeks goes by and nothing shipped; eight weeks and the Florida rep calls me, very irate.

“What kind of company have you recommended Rick?” It seems that the company had based his knob-and-pull program on using his scrap cutoffs from countertop jobs. When the order for 10,000 came in, he was not only swamped, but he was also forced to use virgin sheets to make the products. Luckily, since it was new to the market, they both had time to adjust, but the poor planning on their part — and the lack of due diligence on my part — hurt all of us.

### 9. Is our pricing set in stone?

Have we allowed for market fluctuations, incentive deals and rising material costs? If we are

using import components, have we allowed for the changing exchange rate?

### 10. How many can we actually manufacture?

If we hit our physical limit, what is our back-up plan for added manufacturing? If the product will be imported, what is the plant turnaround time coupled with the shipping time? Have we checked with customs to make sure we can import it and allowed for the inevitable initial stock delays in customs?

### 11. Is it profitable?

The myopic view of our project can get us into trouble. Take your new products seriously, ask potential customers for their opinions, and know your market before investing your time and money. ■■

*Ed. note: Rick Hill is the founder of WoodReps.com, a national association of independent sales representatives in the woodworking industry. Hill also runs OnPoint Sales, an independent rep group in the Midwest. He can be contacted at onpoint@excel.net.*