

PROJECT MANAGEMENT IMPLICATIONS IN DEVELOPMENT AND LAUNCH PROCESSES OF A NEW PRODUCT IN THE CG INDUSTRY

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ABSTRACT

Successful innovation has become crucial when speaking of revenue growth, competitive margins and, in some cases, even for survival. The ability to bring innovation to the market quickly, efficiently and before competition, becomes more and more important. Innovation as a new business model consists of decisions that a company takes, including six main elements, namely: "who, what, when, where, why and how much a company uses innovation to provide products and services and gain value for her efforts."

The strategy of many companies focuses on development processes, launching and marketing new products. Therefore, any company that wants to perpetuate its rule over a longer period of time needs to develop a standardized program and have a continuous improvement related to the way it creates new products. An effective product launch requires integration and coordination among multiple functional areas including product design, procurement, planning, manufacture and sales & marketing. Organizations initiating new products offers, gradually, following the principle of a lever, basic capabilities toward other companies, and by working through collaborative management they succeed in bringing products and services to market faster, smarter and cheaper.

For an excellent development and launch, organizations must integrate internally but also externally with suppliers and customers, creating end-to-end value chain. This actors involved must have a common vision of the value created by sharing information to all participants in the value chain. This involves defining the precise way in which value can be created for both producers and retailers. Sharing information is a win-win strategy, but to succeed, the entire value chain needs to boost its importance. New products and services create interest, excitement and new business opportunities come to meet consumer needs better, more convenient and at a low price.

Besides the instinctive idea of being the first, other measurable benefits are possible for those who reach the market sooner with innovative products and services: 1. Increased sales due to higher sales cycle, 2. Increased margins, 3. Increased product loyalty, 4. Resale opportunities, 5. Greater market openness, 6. Leadership supported.

KEY WORDS: *innovation, launching, new product development, sharing information, processes, project*

INTRODUCTION

We need some changes, to certain levels, including also systems, practices and philosophies. Some of the changes are necessary in industry (for example the application of some global standards), but some could be bilateral affaires between some commercial partners. Each company needs to learn what "works for itself".

Several priorities:

- We need to develop a common vision of the value created by disseminating the information through all the participants to the value chain. This fact implies the exact definition of the way in which value can be created both for the manufacturers and for retailers. A win in information is a win-win strategy, but in order to succeed, the whole chain must agree on its importance;
- We must agree on what type of information can be disseminated deliberately and what information is secret;

- We need to develop a frame, a schedule that must be approved in industry for the data that has to be standardized.
- Companies must be prepared to exchange the basic standards, in fact the data, freely or in return to an available rate of costs recovery. Common standards will help you minimize the costs of sharing data.
- Once we have accepted that the **value doesn't mean rude information**, but analytical capabilities linked to it, we should not regard the share of data as a revenues engine;
- Security controls must be placed on each platform of information. Trust in companies, between them, between the companies and the customers, will be improved only when the information is shared properly.
- The start is simple. Pilots must set up on the available information flows and on collaboration flows and they must start with the known data and then regard the unknown data flows.

1. NEW CONCEPT DEVELOPMENT MODEL

Several characteristics of the model are worth noting. The inner parts of the NCD are called elements, as opposed to processes. A process implies a structure that may not be applicable and could force the use of a set of poorly designed controls to manage FFE activities. In addition, the model has a circular shape, to suggest that ideas are expected to flow, circulate, and iterate between and among all five elements.

Figure.1 The new concept development (NCD) construct is a relationship model, not a linear process



The engine (leadership, culture, and business strategy)

Leaders demonstrating in every decision and action that innovation is important to their company;

Encouraging purposeful evolution and encouraging employees to try new things;
 Developing real relationship between marketing and technical people;
 Generating customer intimacy by encouraging their employees to interact closely with customers;

Engaging the whole organization in understanding that innovation is the fundamental way that the company brings value to its customers;

Continuing to value the individual and set an environment that is conducive to high motivation.

Opportunity identification

Opportunity identification defines the market or technology arena the company may want to participate in and allocate its resources.

Opportunity analysis

In this element, an opportunity is assessed to confirm that it is worth pursuing. Additional information is needed for translating opportunity identification into specific business and technology opportunities.

A typical analysis for a large-scale opportunity would include: 1. Strategic framing; 2. Market segment assessment; 3. Competitor analysis; 4. Customer assessment.

Idea generation and enrichment

The element of idea generation and enrichment concerns the birth, development, and maturation of a concrete idea. Ideas are built up, torn down, combined, reshaped, modified, and upgraded. Direct contact with customers and users and linkages with other cross-functional teams as well as collaboration with other companies and institutions often enhance this activity.

Idea selection

Limited information and understanding that are available early in product development makes idea selection less rigorous in FFE than in the NPD portion, since many ideas must be allowed to grow and advance. Most idea selection involves an iterative series of activities that are likely to include multiple passes through opportunity identification, opportunity analysis, and idea generation and enrichment, often with new insights from the influencing factors and new directives from the engine.

Concept definition

Concept definition is the final element of the new concept development model. This element provides the only exit to the NPD or technology stage gate (TSG).

Guidelines for gatekeepers:

- Objectives
- Fit of the concept with corporate and/or divisional strategies
- Size of opportunity, such as financial impact
- Market of customers needs and benefits
- A business plan that specifies a specific win/win value proposition for value chain participants
- Commercial and technical risk factors

2. EFFICIENT PRODUCTS INTRODUCTIONS

EPI is a comprehensive approach has the greatest potential to create brand and category value as well as cost savings, but it involves close collaboration between the trade partners which may or may not be realistic. Given all the arguments in favour of efficient new product introductions, how can greater collaboration help deliver the benefits? Today, some manufacturers and retailers have already started to work more closely together to improve the process of new product introductions, but there is still some way to go. Understandably, manufacturers in general are very much focused on brand value – especially being first on market and achieving short-term results - while retailers tend to put their energy into category value. With limited alignment between the two strategies, there is a risk that they operate counter-productively and fail to maximize consumer value.

There are many reasons, apart from traditional manufacturer-retailer rivalry, for the inability or reluctance to share information and work together. These include organizational, cultural and technological factors. Further, co-operation between retailers and manufacturers depends on a degree of trust which is hard to build up, especially when many retailers are playing the part of manufacturers by launching their own private label products.

When is a product new?

One reason is that innovation is multi-dimensional-it depends on your perspective. If you are a manufacturer, for example, you might see it like this:

- a new features, changed features and new technology;
- a new target users;
- a new concept, new marketing mix, new answer to an existing need or to a latent need;
- a new organisation/management.

ECR identified Efficient Product Introductions as ***one of the four Efficient Consumer Response strategies***. The other three pivotal consumer response strategies are: ***Efficient Store Assortment, Efficient Replenishment and Efficient Promotion***.

The cost of product introductions failures is high.

"Minimum costs": this is money that must be spent on any product introduction. Regardless of the type of product or size of company, certain minimum activities will have to be performed.

"Additional costs": On top of these minimum activities, companies may choose to invest in additional activities. Many of the costs thus incurred involve money spent on communicating to the consumer, including advertising and promotion. For manufacturers such costs normally represent a major share of the total cost of new product introduction.

Figure 2 Activities linked to new product introductions – example

<i>Main Phases</i>	<i>Main Activities/Costs</i>	<i>Minimum activities</i>	<i>Additional activities</i>
DEVELOP	Market potential analysis	<input type="checkbox"/>	
	Develop prototype for testing	<input type="checkbox"/>	
	Market concept test / Product positioning	<input type="checkbox"/>	
	Refined market potential analysis / Financial assessment	<input type="checkbox"/>	
	Marketing plan / Trade marketing plan / Merchandising plan	<input type="checkbox"/>	
	Pilot production run and quality testing	<input type="checkbox"/>	
	Financial assessment		
	Discuss high level category plan elements		<input type="checkbox"/>
LAUNCH	Presentation of new product and internal validations	<input type="checkbox"/>	
	Discuss and agree on new product introduction elements: - <i>Pricing, Distribution, Advertising, ...</i> - <i>Determine joint promotional plan</i>	<input type="checkbox"/>	
	Implement coding within systems (EAN)	<input type="checkbox"/>	
	In store handling activities	<input type="checkbox"/>	
	Store visits		<input type="checkbox"/>
	Advertising & promotion development		<input type="checkbox"/>
	Actual advertising		<input type="checkbox"/>
Actual promotion		<input type="checkbox"/>	
	Actual sampling, etc.		<input type="checkbox"/>
EVALUATE	Assess new product launch (internal)	<input type="checkbox"/>	
	Discuss evaluation		<input type="checkbox"/>

2.2 The long-term value argument

The positive attraction of new product introductions in the short term is of course that they can increase sales volume. But, while this is desirable, the ultimate goal is to build long-term brand and/or category value. By introducing innovative products efficiently, companies increase consumer satisfaction, which ultimately helps to build brand and category equity. These last goals are less tangible than volume, but they are vital factors in creating sustainable competitive advantage. This is what makes new product introductions **central to any company's strategy for long-term survival and business growth.**

The six improvement areas evaluated: 1. Planning product promotions jointly; 2. Distributing products quickly and efficiently; 3. Implementing in-store product promotions jointly; 4. Aligning new products to category plans; 5. Evaluating new products jointly; 6. Developing products jointly.

3. THINKING IN TERMS OF A PROJECT

A project is a temporary endeavor, having a defined beginning and end (usually constrained by date), planning deliverables, undertaken to meet unique goals and objectives.

Project management is the discipline of planning, organizing, and managing resources to bring about the successful completion of specific project goals and objectives. When a company reaches a strategic inflection point when his old strategy does not give the expected results, in an environment where risk is measurable, but uncertainty is not, any performing company chooses the strategic choice of a calculated risk and does not do the mistakes below:

1. Does not dismiss talented people;
2. Does not reduce the budget dedicated to technology;
3. Does not reduce its assumed risk;
4. Does not change the performance indicators;
5. Does not stop product development processes;
6. Does not stop the innovation process.

We have chosen to ***Launch a new wine on French market***

Vision: The most important mutation that wine demand has suffered was the switch from a natural and daily consumption to a hedonistic pleasure. 21th Century is characterized by coherence:

- Coherence with history;
- **Coherence with producers' and consumers' experience and potential;**
- Consistency with market logic;
- **Product's consistency: taste, visual and perceived image.**

Mission: Mission statement defines the general goal to exist or to enable the business. It serves as a guide in times of uncertainty. The mission can remain the same for several decades if it has been properly formulated.

Planning is undoubtedly the most important phase of our project. We reject skepticism when we mention these pro-planning steps. So we plan:

- To better understand our project
- To understand the most effective way to enforce it
- To communicate exactly how to approach our customers and consumers
- To actively maintain the flow of progress
- To keep the direction

50% fulfillment of actions DOES NOT MEAN 50% fulfillment of the project

We do not choose to plan actions, but "deliverables" - the final products of our project, whether tangible or intangible.

3.1 Global Standards Management Process

Launched in January 2002, GSMP (Global Standards Management Process) is an "engine" a process guided by users' wishes. First facing the Business requirements phase and then the Technical Development phase it has achieved a standard specification for data synchronization.

For an unified approach Global Commerce Initiative (GCI) with the consulting company AC Nielsen has developed a global classification system applicable to all categories of commercial products. Therefore, before implementing RFID tags and readers, all retailers and their suppliers should adopt the vision of the Global Data Synchronization (GDS) promoted by the Global Commerce Initiative (GCI) and EAN.UCC. EAN.UCC, standardization organization for retailers, has developed not only a single standard for identifying products, Global Trade Identification Number (GTIN), but also infrastructure, Global Data Synchronization Network (GDSN) to allow retail industry share data easier.

Fully implemented, will allow GDS to access detailed data on any provider's products anywhere in the world by any retailer anywhere in the world, through a network database maintained locally called GTIN on pools.

3.2 We have used Microsoft Project in order to build a specific and accurate map of all processes and sub-processes implied by our project. Microsoft Project is a robust tool for projects taking into account the flexibility and ease of use you need for effective project management. (APPENDIX 1).

CONCLUSIONS:

Compared with previous similar projects, the present one reveals a number of factors that gives it a higher score of excellence:

- a much more assertive involvement of the management;
- a more efficient use of resources in order to obtain information (benchmarking studies, and comparison with competitors achievements, reference projects);

- effective communication to all the persons involved for a better understanding of the objectives;
- creating an atmosphere within the team in order to stimulate constructive criticism;
- better training, including a project manager;
- better understanding of customer needs, the more efficient feed-back came from the final customers;
- defining an employee incentive scheme, ongoing assessment of the degree of achieving the objectives at any given time are well established.

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