

# CliffordFry&Co.

Chartered Accountants & Registered Auditors

## HOW TO DEVELOP NEW PRODUCTS & SERVICES

*part of*  
Your Essential Guide to Running Your Business.



HERE *to* HELP.

## How to develop new products and services...

Markets are dynamic and constantly evolving so no business can afford to stand still. No matter how excellent your products or services, they have a finite lifespan, so they must be developed or replaced if you're to continue growing your business.

New products and services are the hallmarks of a go-ahead business.

### *Improvements and extensions*

You can lengthen the market life of your products through a process of continuous improvements in response to customer feedback. You can also work on extending your range through complementary products and services. However, in many cases there's a limit to the extent you can keep on refining – in the end, you'll need something new. Steps to take

Don't make the mistake of sitting around waiting for events to overtake you. It's important to take a proactive approach to identify possible market threats as well as opportunities by:

- Making sure you're getting regular market feedback from your customers and others – customers are often the first to tell you that your products are no longer meeting their requirements
- Setting up a new product committee of key staff members – meet regularly to review market feedback and to gather ideas on improving existing products and potential new products
- Attending trade shows – this can be a great way to open your mind to what's happening in your industry. Seeing what similar businesses are doing overseas, spotting new trends and products, and making new business contacts are all great ways of coming up with new products or services
- Keeping up your networking – by attending conferences, seminars and industry events. They're your best sources for finding out if there are any government grants or initiatives coming up.

### *Make the most of the internet*

Online research is one the easiest, cheapest and most effective ways to keep your ear to the ground about what's happening in your industry and it's a great source of inspiration when it comes to new ideas.

If you don't have the time yourself, appoint an employee to monitor things like:

- Social media platforms and channels – signing up to relevant Twitter feeds, Facebook pages and LinkedIn are excellent ways to stay up-to-date with what's happening in your industry

- Subscribe to RSS feeds – again, it's an effective tool that helps you keep your ear to the ground about what's happening

- University and other academic research – papers are often published on the outcomes of latest research and development and in many cases, they're free to read

### *New development starts with strategy*

In the best-case scenario, your future product developments will flow out of your core strengths. However, if this isn't possible (for instance, because the market is moving away from your core strengths) then you may have to ask yourself:

- What can I move into?
- Can I make a success of this new direction?

Something else to consider is a joint venture, where you share the risk and costs of bringing a new venture to market, especially if you don't have the resources to complete the job yourself.

### *The planning process*

Since development involves the commitment of time, effort, and finance, the purpose of the planning process is to minimise your risk through applying sound management techniques:

- Customer focused – it's important to work closely with your customers when you're developing new products or services, so you can get their feedback and act on it.
- Screen all ideas – any new ideas identified in market research and customer feedback should be screened for their feasibility. Ask yourself if the market really needs the new product or service, and can you produce it a price the market can afford? Do you have the capacity to produce it?
- Project management – either you or one of your key staff should be appointed as a project manager, so that there's a clear understanding of how the new product or service will fit in with the overall capabilities of the business, as well as regularly measuring and reporting on progress.

### *Testing the new product or service*

Once a prototype of the product has been produced, or a new service decided on, it needs to be tested. A soft launch done locally – such as products sold at a weekend market or launching a new service during the weekends – is a smart way to test the waters. What's important is gathering feedback from the customers during this time. Find out what they think and tweak your new idea if you need to.

If you've produced a great product or designed a new service, congratulations! It's important, though, not to rest on your laurels. Your strategic planning should include a budget for research and development because the development of new products and services is what will keep you ahead of the competition.

