

Developing products at WOW Toys

Case duration (Min): **45-60**

Operations Management (OPs)

Developing products and services

Project management

Worldwide

Case summary:

Toy maker Nadim Ednan-Laperouse talks about the value of new product development, and how it has benefited his business.

Subjects covered in brief :

The lifecycle of products and services.

Developing ideas.

Matching products and services to market needs.

The project development process.

Managing a development project.

Learning objectives:

Understand the importance of new product development.

Describe the ways in which new product development activities are conducted.

Describe the steps involved in designing goods and services.

Case problem:

How are new product development activities conducted within organizations?

Company
Toys & Games

WOW Toys

<http://www.wowtoys.com/>

WOW Toys was formed in 1997 by toy maker Nadim Ednan-Laperouse and is based in Fulham, London. The company designs and supplies multi functional toys that do not need batteries for children aged 0-5 years. They currently sell to over 400 retail outlets in the UK and export their products to 36 countries around the world.

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type

URL/ Media description

Developing new products and services -
Here's how developing a new product
benefited my business :

<http://www.nibusinessinfo.co.uk/bdotg/action/detail?type=CASESTUDIES&itemId=1082217056&site=191>

Film

Here Nadim Ednan-Laperouse talks about the value of new product development, and how it has benefited his business.

NOTES:

Case study questions...

Action	Pre/During/After class
1 THE LIFECYCLE OF PRODUCTS AND SERVICES. What is the product life cycle?	During
2 STRATEGIES FOR NEW-PRODUCT INTRODUCTION : What are the two main strategies for new product introduction? Which one is discussed/ favoured by Nadim Ednan-Laperouse of WOW Toys?	During
3 PRODUCT DEVELOPMENT RISKS : There is a lot at stake when developing a new product or service. Brainstorm and discuss key risks. Discuss how risks might be mitigated.	During
4 CUSTOMER NEEDS : New products and services have to offer benefits that meet CUSTOMER NEEDS. How might companies discover what these needs are?	During
5 DEVELOPMENT PROCESS : An effective DEVELOPMENT PROCESS for products or services should be divided into a number of key stages. Define what is meant by Product development process and brainstorm and describe the key stages.	During
6 SOURCES OF NEW PRODUCT IDEAS : Identify sources of new product ideas.	During
7 THE IMPORTANCE OF NEW PRODUCT DEVELOPMENT : Design has a direct impact on revenue and profit as suggested by Nadim Ednan-Laperouse of WOW Toys. List factors and attributes that might be used to judge whether a design is good.	During
8 TIME TO MARKET : Time to market (TTM) is the elapsed time taken for the whole design activity, from concept through to market introduction. Nadim Ednan-Laperouse of WOW Toys stated that his company aimed to spend 1 year in getting from an idea to market. What benefits might there be in introducing new products quickly? What problems may arise with attempts to reduce time to market?	During
9 CREATING A PROJECT TEAM Every potential new product or service requires a dedicated development team. In creating a team you need to include people with a variety of skills. Discuss whom you may need and the knowledge and skills they require to launch a new product at WOW Toys	During

Answers...

NEW PRODUCT DEVELOPMENT

The term used to describe all those activities directed towards the introduction of new or improved products or services into the market place

TIME TO MARKET

(TTM) the elapsed time taken for the whole design activity, from concept through to market introduction.

CROSS-FUNCTIONAL TEAM

A work team comprising members from different functional areas within the organization (e.g. operations, marketing, accounting or human resource management)

CONCEPT GENERATION

a stage in the product and service design process that formalizes the underlying idea behind a product or service.

SCREENING IDEAS

The process by which a company assesses whether product ideas match its organisational objectives and resources

PROTOTYPING

an initial design of a product or service devised with the aim of further evaluating a design option.

PRODUCT LIFE CYCLE

The four major stages through which products move: introduction, growth, maturity and decline

Question/ Answer

1 THE LIFECYCLE OF PRODUCTS AND SERVICES.

What is the product life cycle?

Product life cycle - the four major stages through which products move: introduction, growth, maturity and decline.

The Product Life Cycle (PLC), is a theory based upon the biological life cycle; it is a marketing tool for evaluating products - a model that provides a framework for thinking in detail about product policy, product introduction and product elimination. After a period of development a product is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilises and the product becomes mature; then after a period of time when the product is overtaken by development and the introduction of better competitors, it goes into decline and is eventually withdrawn. A variety of strategies for the differing stages of the PLC may be considered. During growth, advertising spend is high and there is a focus upon building brand. In mature markets, producers attempt to differentiate products (brands are key to this). Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and uses a greater variety of media.

2 STRATEGIES FOR NEW-PRODUCT INTRODUCTION :

What are the two main strategies for new product introduction? Which one is discussed/ favoured by Nadim Ednan-Laperouse of WOW Toys?

(1) Market pull – the market determines what organizations should make and (2) Technology push – technology is the primary determinant of the products that the organization should make. (02:20) "When we start considering new product development, there are three things that we need to look at. One is the trends in the marketplace. Two - we need to look at what's missing from our own product range, against our competitors. And three, also what the public, i.e. The end consumer are asking from us."

3 PRODUCT DEVELOPMENT RISKS :

There is a lot at stake when developing a new product or service. Brainstorm and discuss key risks. Discuss how risks might be mitigated.

To minimise risks and allocate investment and resources wisely, you might consider a number of factors: Will your new product or service meet customer specifications? For example, you should consider its design, ease of use and performance benefits. How technologically feasible is the product or service? Can you meet the design, resource and manufacturing requirements? Are you clear about what you hope to achieve with the new product or service? Does it meet the strategy outlined in your business plan and play to your business' strengths? The clearer you are about your plans, the better you can analyse the risks involved.

Nadim Ednan-Laperouse of WOW Toys "There are a lot of risks attached to new product development, but anything that can get you ahead by a long way does have its risks. Product development is just a process, that if it's well managed, and you are kind of in control of most of the issues, it will pay dividends. However, if you're not managing that process well, you can end up losing quite a lot of money."

4 CUSTOMER NEEDS :

New products and services have to offer benefits that meet CUSTOMER NEEDS. How might companies discover what these needs are?

Market research, using techniques such as surveys and focus groups.

5 DEVELOPMENT PROCESS :

An effective DEVELOPMENT PROCESS for products or services should be divided into a number of key stages. Define what is meant by Product development process and brainstorm and describe the key stages.

Product development process - the overall process of strategy, organization, concept generation, product and marketing plan creation and evaluation, and commercialization of a new product. Whilst there are many ways to describe the product development process, the first phase of a product development effort is typically termed the concept development phase. Here a company identifies ideas for new or revised products and services. The second (screening and planning) phase of a product development effort begins to address the feasibility of a product or service. Organisations will assess the ability of an operation to produce goods or a service (feasibility), the acceptability of the product or service (will customers want it?) and the associated risks. Having created a feasible, acceptable and viable product or service concept, the next stage is to create a preliminary design. The company invests heavily in the development effort and builds and evaluates prototypes (Design and development phase). Preliminary designs are evaluated and improved upon. In the fourth phase of a product development effort (Commercial preparation phase) the organization invests heavily in the operations and supply chain resources (infrastructure) needed to support the new product or service. The final phase of a product development effort is termed the launch phase. For physical products, this usually means "filling up" the supply chain with products. For services, it can mean making the service broadly available to the target market-place.

Idea generation.

Idea distillation - to filter out those ideas not worth taking forward.

Concept definition - to consider specifications such as technical feasibility and market potential.

Strategic analysis - to ensure ideas fit into business' strategic plans.

Concept development - to create a prototype product or pilot service.

Test marketing and finalising the concept - to ensure your product or service can be modified according to customer, manufacturer and support organisations' feedback.

Product launch - Before setting a date you must determine how to sell, promote and support your product or service.

6 SOURCES OF NEW PRODUCT IDEAS :

Identify sources of new product ideas.

Ideas for new products or services can come from many different sources inside and outside the organisation. New ideas may come from customers, competitors, front office staff or the research and development department. Not all concerns will be developed into products and services.

7 THE IMPORTANCE OF NEW PRODUCT DEVELOPMENT :

Design has a direct impact on revenue and profit as suggested by Nadim Ednan-Laperouse of WOW Toys. List factors and attributes that might be used to judge whether a design is good.

Aesthetically pleasing (eye catching), satisfies customer needs, meets customer expectations, performs well, reliable, easy to manufacture and deliver.

8 TIME TO MARKET :

Time to market (TTM) is the elapsed time taken for the whole design activity, from concept through to market introduction. Nadim Ednan-Laperouse of WOW Toys stated that his company aimed to spend 1 year in getting from an idea to market. What benefits might there be in introducing new products quickly? What problems may arise with attempts to reduce time to market?

Benefits: Increased market share, price premiums, faster response to competitors, setting industry standards

Problems – technology may be unreliable, may be implementation problems increasing costs and disruptions, market may not grow as fast as predicted,

9 CREATING A PROJECT TEAM

Every potential new product or service requires a dedicated development team. In creating a team you need to include people with a variety of skills. Discuss whom you may need and the knowledge and skills they require to launch a new product at WOW Toys

Typically, a cross functional team is required. In creating your team you need to include a creative ideas person, a technical expert, a marketing specialist, someone who can source components and someone who understands the supply-chain difficulties you could encounter; team members should understand the business' objectives. Teams need someone in a project management role to lead, co-ordinate and motivate the team. Operations managers may not have direct responsibility for product and service design but will provide information and advice upon which product or service development will depend.

Case study references

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Collier, D. and Evans, J. (2009) 'OM', Ed. 1. Cengage Learning.

Kelly, P P. (2009) 'International Business and Management', Cengage Learning EMEA.