Business Corner Strategies & Analysis

Product Leaders: How did they get there?

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Thomas Alva Edison epitomized the so-called "lonely inventor". Edison had 1,300 inventions and 1,100 patents to his credit. However, few people today realize that his many invention gifts to mankind pale in comparison to just one of his inventions: The invention of the "process" that underpins today's product leadership.

In 1879, Edison pioneered what has become the industrial world's first effective product development process, a means of generating invention after invention and applying those inventions in useful, commercial products. His Menlo Park, N.J. lab became the model for the labs of today's product leaders such as Apple.

Edison was a cheerleader! He would cheer his bright assistants for their obsession to create products that incite a passionate customer response. He would celebrate employees' obsession on breaking new ground, on cracking the code of perplexing concepts. As I'm certain you remember, it was Edison who said, "Genius is one percent inspiration and 99 percent perspiration."

At the same time, Edison would be disgusted at the sad state of product development at many companies today. Too often, companies forsake invention for its poorer cousins: refinement, repackaging, and reformulation. Many products exiting research and development today come tagged as "new" and "improved", but they don't deserve either label. Instead of exciting customers, they turn them off.

What wakes customers up, and would have delighted Edison, is product leadership, a company displaying the ability and determination to make products that customers recognize as superior and products that deliver real benefit and performance improvements.

Today's product leaders find that customers have a much broader perception of performance.

Edison developed the process whereby great products are still invented today.

IMPACT OF EFFECTIVE MARKET EXPLORATION
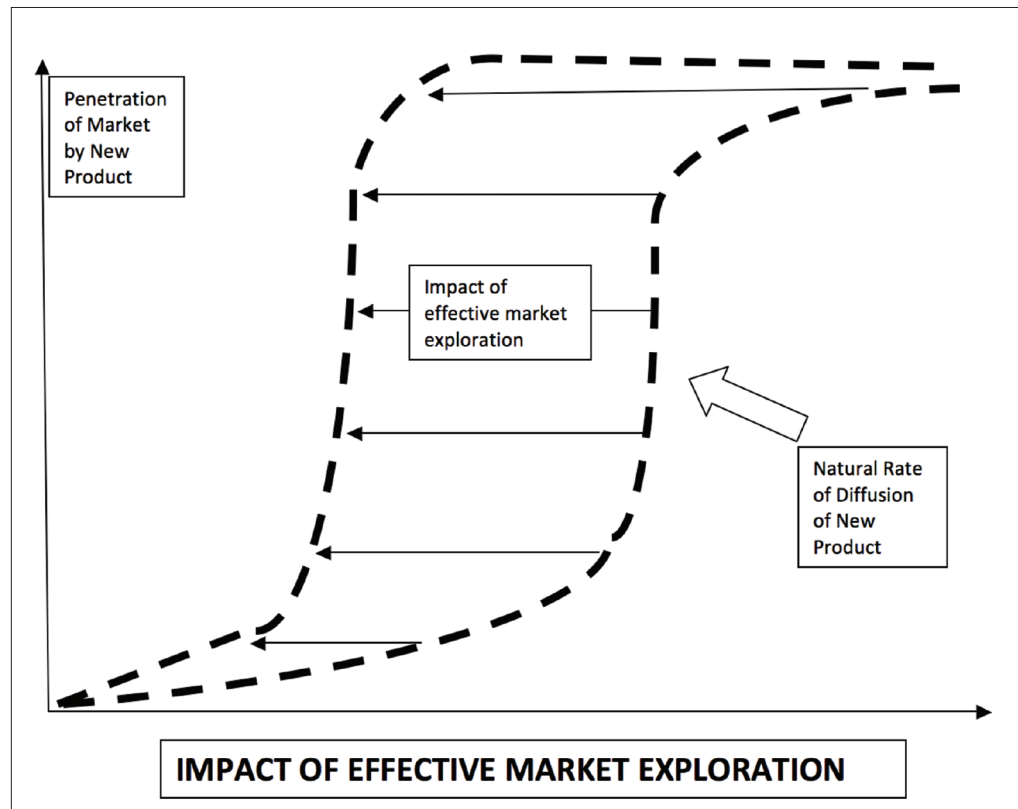
They crave a mix of both tangible and experiential benefits. They expect the performance of breakthrough products to move their rational and their emotional selves. For instance, months before Apple was in a position to offer for sale their I-Pad thousands of unsolicited orders poured in. Buyers of Apple I-Pads buy more than a machine, they buy a new life style. Movie-goers wait with wild anticipation for any movie directed by Steven Spielberg who goes beyond supplying fresh concepts and stimulating experiences. He has actually changed our culture.

Edison began by creating an inspiring vision of each new product. He strongly believed that he had to fuel his organization with a dream of questionable achievements. Much like product leaders today, Edison saw breakthrough products as the sustenance his venture needed to keep on working.

Paralleling his visions, Edison harnessed the motivating power of ambitious targets. He wasn't the first one to create a light-emitting device. Contemporaries had engineered products that would shine for a few moments. But Edison's target was not a light bulb; it was the ability to light a building or even a town. That lofty target channeled his creativity. He then worked backwards from the goal to figure out the steps required to achieve it. Working right-to-left, as we call it today, is a pervasive characteristic of successful product leaders.

Edison new that a revolutionary invention rarely sells itself. He knew that market cultivation must go hand in hand with breakthrough products.

A famous example is of Remington. It developed the typewriter in 1874 and it took 12 years for the larger market to catch on to this unfamiliar device. Every breakthrough product develops sales demand at a natural rate. Academics refer to it as the rate of diffusion of innovation and it follows a S-shaped curve—slow at first, then fast, and then leveling off. The challenge for product leaders is to PUSH the rate of diffusion beyond what is natural and common, to get demand to climb faster, earlier.

Activities of successful product leaders

Edison's product development process model and Apple's and Spielberg's common core strengths were to have "buyers" of their product output, pre-sold as a brand, so much so that before their next product is offered it is already a success.

In this part of the article we want to discuss the successful product leader and his/her activities.

Product leadership always involves a gamble and these "bets" product leaders place can be large or small. The test is where to place the bets. Where to invest your talents? Which projects to have others work on? How much funding should you allow? All these considerations knowing full well none of them are sure bets and they compete for a limited supply of investment dollars.

Within larger companies each project competes for attention and tries to make a compelling case, but no company can fund every idea or project it considers.

Remember, large corporations are made up of small "companies" vying for project/product approvals up-the-line. Small companies have very similar issues—they're normally rife with ideas but with limited resources to fund them all.

While small- to medium-sized companies sometimes envy the larger corporations and their massive resources, successful large companies create smaller units—sometimes smaller companies—because they know that governing down bureaucracy can exponentially help the organization. Therefore, small- and mid-sized companies have the ability to run faster to a market than does a large one simply because the bureaucracy of the big boys many times trips them up in tempo/time-to-market.

Successful fast commercialization of products by astute managers who recognize that "small" many times is better, literally reorganize their company to emphasize that the cohesiveness and team "Esprit de Corps" of being small and mobile, really works. There are companies who made successful strides in increased new product opportunity attainment through literally spinning off small units into separate corporations, while holding 51 percent controlling share and giving the unit's president autonomy to bring his/her company to above average sales and profit growth in the industry's shortest amount of time.

Structure vs. process

Generic operating procedures and structured processes do not produce winning products unless they are designed to play into the drivers of individual behavior. Two such drivers are a thirst for problem solving and a distaste for bureaucracy.

Does not mean that structure and process have little to no role in product development? No it doesn't! Product leaders create flexible structures and robust processes.

Structures that allow resources to flow to the most promising opportunities and robust processes that enable people to flex their minds without creating major disruptions. The product leaders we observed applied several commonsense values to accomplish this cohesiveness.

Values

I. Maintain peoples excitement by first establishing well-founded challenges with clearly defined outcomes and tight deadlines with achievement milestones where celebration of intermediate victories motivates to desire even more success.

II. Don't dominate or over control! Create business structures that liberate. The example of a corporation breaking people up into operational teams, or small companies, by establishing separate corporations where their CEOs act as entrepreneurs and not divisional caretakers, really worked well.

III. Stress procedures that pay the largest dividends. Work cross-functionally and pay close attention to the later development stages. At that point a leadership team can apply itself to understanding root causes of glitches and then be in position to map their processes and workflows backwards to learn what created time delays and misdirection.

Finally, product leaders have learned that if they cut their development cycle time in half, they can get twice as many shots at development targets only half the distance away.

Next month Chemark will deal with "New Niche (Unique) Products." *CW*