



Chapter 03  
**OPPORTUNITY IDENTIFICATION AND SELECTION:  
STRATEGIC PLANNING FOR NEW PRODUCT**

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 **CHAPTER 03 OVERVIEW**

- 3.1. New Products Strategy
- 3.2. New Product Strategy Inputs and Identifying Opportunities
- 3.3. The Product Innovation Charter
- 3.4. Product Portfolio

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 **3.1. New Products Strategy**

3.1.1. The Strategic Elements

- ❖ The Product Innovation Charter (PIC): a strategic plan for new products.
- ❖ The New Product Portfolio: ensures that products that meet financial and strategic criteria are pursued.

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### 3.1. New Products Strategy

#### 3.1.2. Why Does a Firm Need The PIC?

- To chart the new product team's direction  
*(Technologies?/Markets?)*
- To set the team's goals and objectives *(Why does it exist?)*
- To tell the team how it will play the game  
*(Rules?/Constraints?Other key information?)*

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### 3.1. New Products Strategy




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### 3.2. New Product Strategy Inputs and Identifying Opportunities

#### 3.2.1. Product Platform Planning

- ❖ Product Platform:  
It is not efficient to develop a single product → Platform: product families that share similarities in design, development, or production process.
- ❖ Brand platform:
  - Any team using a platform brand must conform to the strategy of that brand.
  - The value of an established brand is called its brand equity → measured by market research.
- ❖ Category platform

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### 3.2. New Product Strategy Inputs and Identifying Opportunities

#### 3.2.2. Opportunity Identification

- ❖ Identifying the "Greenfield Markets":
  - Find another location or venue.
  - Leverage your firm's strengths in a new activity center.
  - Identify a fast-growing need, and adapt your products to that need.
  - Find a "new to you" industry

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### 3.2. New Product Strategy Inputs and Identifying Opportunities

#### 3.2.2. Opportunity Identification

- ❖ Emerging Societal Trends:
  - "Just-in-time" life.
  - Sensing consumers.
  - The transparent self
  - In search of "enoughness"
  - Virtual made real
  - Co-creation

*Source: A. Hines, J. Calder, and D. Abraham, "Six Catalysts Shaping the Future of Product Development," Visions, 33(3), October 2009, pp. 20-23.*

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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.1. The definition of The Product Innovation Charter (PIC)

- ❖ **It is the new product team's strategy:**
  - For Products (not processes)
  - For Innovation (think of the definition of new product).
  - A Charter (a document specifying the conditions under which a firm will operate).
- ❖ **It is a document** prepared by senior management designed to provide guidance to the strategic business units (SBUs) on the role of innovation.

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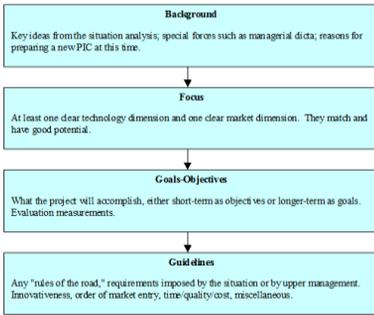
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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.2. The Contents of a Product Innovation Charter




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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.2. The Contents of a Product Innovation Charter




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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.3. The Purposes of PIC




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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.4. Risks of Poor PIC Development




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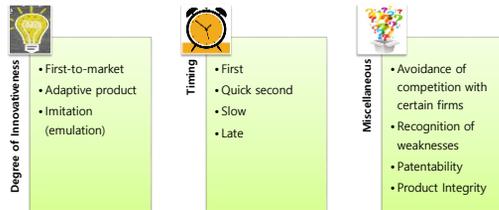
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### 3.3. The Product Innovation Charter (PIC)

#### 3.3.5. PIC Steps: Special Guidelines




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### 3.4. Product Portfolio: The New Product's Strategic Fit

#### 3.4.1. Common strategic criteria might include:

- Strategic goals
- Project types: *fundamental research, process improvements, or maintenance projects.*
- Short-term - long-term projects.
- High-risk - low-risk projects.
- Market familiarity: *existing markets, extensions of current ones, or totally new ones.*
- Technology familiarity: *existing platforms, extensions of current ones, or totally new ones.*
- Ease of development.
- Geographical markets: *North America, Europe, Asia.*

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### 3.4. Product Portfolio: The New Product's Strategic Fit

#### 3.4.2. Objectives of Product Portfolio Development

- Strategic alignment: *mix of products reflects the PIC; new products are "on strategy."*
- Assessing portfolio value: *commercial value of products in pipeline is maximized.*
- Project balance: *select products that balance the existing product line.*
- Number of projects: *in line with resource requirements; avoid underfunding.*

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### 3.4. Product Portfolio: The New Product's Strategic Fit

#### 3.4.3. Objectives of Product Portfolio Development

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Chapter 03  
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The End

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