Chapter 16

Integrated new product development

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The creation of high-valued products and services requires a process that is driven by anticipating the needs, wants and desires of key stakeholders, and Cagan and Vogel (2002) provide a strategy and series of tools to help companies navigate the earliest stages of product development. This is the portion of the process that is uncertain and undefined, often referred to as the ‘fuzzy front end’ of the process.

We argue that it is no longer sufficient to approach product development through the “form follows function” cost-driven process of much of the latter half of the 20th century. Instead, the mantra for the 21st century is that “form and function must fulfil fantasy”. Fantasy, in this case, is the anticipation of an optimum consumer experience based on the value system of a particular market segment. When a product meets the anticipated desires of a customer a company can often generate greater profits. In some product categories this level of design has become the cost of doing business.

In our research, we have discovered that while many companies say they are customer focused they often fail to maximise the fuzzy front end. Product development teams often focus on the wrong issues too early. Decisions are made with a concern for manufacturing quality and efficiency, overanticipating the needs of downstream processes. This concern for the back end of product development takes resources and attention away from the creation of user-centred product attributes.

It is important to use the front end to lay out a strategy that will connect to the desired market and help to establish or extend brand equity. The idea is not to ignore downstream quality issues, but instead to focus on development innovation in the early stages. If used properly the fuzzy front end establishes the innovation for the product and allows teams to focus on implementing quality processes downstream without costly overruns and changes.

The secret of great product development is to gain significant insight into the needs, wants and desires of the key stakeholders. This requires the use of a variety of qualitative methods that complement existing quantitative processes used by most marketing groups. This chapter highlights our integrated New Product Development (iNPD) process (Cagan and Vogel, 2002) and some of the tools that help a product development team understand the value needs of the product and work in an integrated way to achieve them.

The next section reviews some frameworks for product development found in the literature and introduces the iNPD process. An approach for dividing value into discrete attributes, called Value Opportunities (VOs), is presented, followed by a description of their application to product development through