



Capturing the Customer's Voice to Drive Product Innovation

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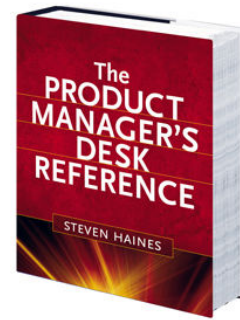
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Sequent Learning Networks

- **Who we are:**
 - Training and advisory services firm in 8th year of operation
 - Practitioners, not talking heads
- **Who we serve:**
 - More than 8,300 alumni
 - International clientele, multiple industries
- **Our mission:**
 - To elevate the skills and capabilities of people in product management and marketing
- **Founder and President:**
 - Steven Haines (Author, "The Product Manager's Desk Reference")
- **How to reach us:**
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Objective

Raise your sensitivity to customers so that you can do a better job at hearing the customer's "voice"

Demonstrate how many companies achieved their success because of how they translated what they heard, into innovative products



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Why is this important?

- **We think we understand needs,**
 - We don't understand each "customer type"
 - Not everyone is a "user"
- **Many customers don't know what they don't know**
 - Just because customers tell us what they want doesn't mean that's what they need
- **We design features**
 - We don't address needs
 - We don't fully include **innovation** in the suite product opportunities



Let's talk about
Innovation

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Notable quotes

- *"Innovation is the specific instrument of entrepreneurship... the act that **endows resources with a new capacity to create wealth.**"*
– Peter Drucker
- *"Innovation has nothing to do with how many R&D dollars you have... It's not about money. **It's about the people you have, how you're led, and how much you get it.**"*
– Steve Jobs
- *"Innovation can lead to higher performance, but the process isn't automatic and it does not necessarily require above average levels of investment. **The most successful companies combine an integrated process and a supportive culture to create a sustainable competitive advantage...**"*
– Barry Jaruzelski – VP – Booz & Company

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Innovation defined

Innovation: The act of creating a product or process, which may include invention, as well as the work required to bring a unique idea into its final form

An innovation: A strikingly different product, service, process, or method

Source: Product Development & Management Association – www.pdma.org

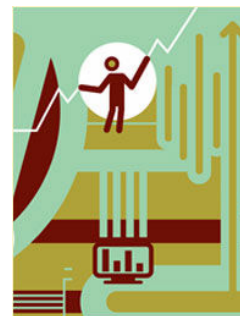
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External benchmarks*

- A high priority for most companies
- Many co's see innovation as a contributor to growth
- Successful companies look at innovation from a portfolio perspective, not just individual investments



* McKinsey & Co – "Assessing Innovation Metrics: McKinsey Global Survey Results" Nov, 2008

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What does innovation mean to you?



Exercise

Discuss what innovation means to you – either related to your product, product line, or company

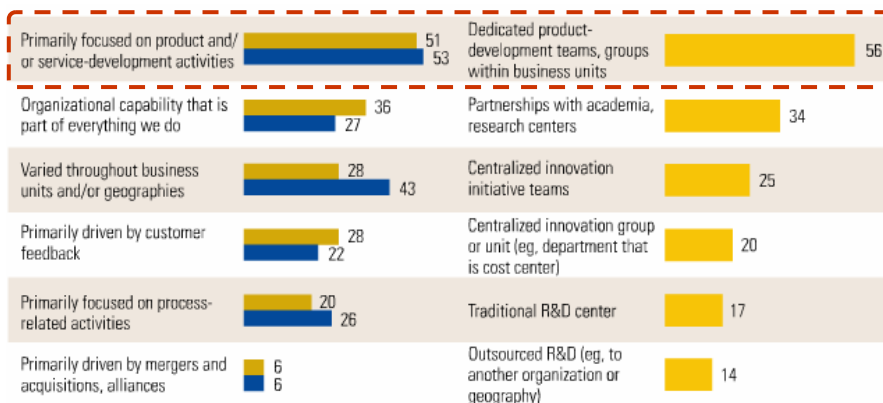
Work in small groups and prepare a list of examples:

5 minutes to prepare
5 minutes to discuss

Although top managers **believe** that **breakthrough** ideas will have the greatest impact on performance, **most say innovation at their organizations is primarily focused on developing products or services** and that dedicated teams within business units are the most common way they develop and commercialize new ideas *

Status of innovation in respondents' organizations
% of respondents (n=722)

Sources used to develop new ideas or
commercialize new business (n=722)



* McKinsey & Co – Oct, 2007

Innovative companies

Asia	Europe	North America
<ul style="list-style-type: none"> • Apple • Google • 3M • Samsung • Microsoft • IBM • GE • Toyota • Nokia • Infosys • Virgin • P&G • Dell • Sony • Intel 	<ul style="list-style-type: none"> • Apple • Google • Nokia • Microsoft • 3M • Toyota • Virgin • BMW • GE • eBay • IKEA • RyanAir • Sony • Intel • Porsche 	<ul style="list-style-type: none"> • Apple • Google • P&G • 3M • Toyota • GE • Starbucks • Microsoft • IBM • Dell • Walmart • IDEO • Target • Samsung • Southwest

Source: Boston Consulting Group on BusinessWeek Online

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Example: Starbucks

- They take **learning journeys**
- Product development and other cross-company teams take **"inspiration" field trips** to view customers to identify trends
 - Cross-functional teams visit local Starbucks and other restaurants (in other countries) to get a better sense of local cultures, behaviors, and fashions.
 - "You come back just full of different ideas and different ways to think about things than you would had you read about it in a magazine or e-mail," (Michelle Gaas, SVP Category Mgmt)



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Example: 3M

- Driven by the proliferation of digital photography and the declining use of Post-it Notes
- Field researchers *visited consumers* in a variety of places asked to be shown photos – what they saw was a “clunky process”
 - Consumers would scroll through screens on their digital cameras
 - Would dig through their drawers looking for printed photos
- 3M took the insight and came up with photo paper coated with adhesive, letting people put up photos on the wall



Something from sand...

Over Corning's 157 year history, they have reinvented Corning time and again, tapping its ample budget for R&D to turn simple sand into a succession of big products, from heat-resistant glass for railroad lanterns to optical fiber and LCD screens.

(Business Week, Dec29,08/Jan5,09 p.86)



Videos on Innovation: <http://www.businessweek.com/innovate/>

And nothing at all... Just because you say you are innovative. . .

Headline:

“Why Innovation Could Not save Nortel”

Promises and buzzwords could not save the troubled telecom equipment maker from sagging demand for phone gear and \$4.5B of debt

- *“Their agenda included modernizing research and development, creating so-called future-proof gear, and experimenting with emerging technologies”*
- *“Adopting the language of business innovation gurus, he championed a so-called Incubation Program and Innovation Lab to identify and develop new technologies such as Web 2.0 applications that allowed employees to collaborate with one another online”*

BW online Jan 14, 2009

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Why innovation seems to be a challenge

- **“Not invented here” syndrome**
 - Customer requests may be ignored
 - Lack of urgency in the technical community
 - Could “product managers” or “marketers” actually have good ideas in a technical culture?
- **Too difficult or costly to keep up with consumer demands and a fast-paced marketplace**
 - No money for learning journeys
- **Limited executive support**
- **Poor cross-functional collaboration**
- **Absence of the right metrics**
- **No recognition/reward system**

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Catalyzing innovation

- **Discovery activities create (inputs)**

- Field visits (journeys)
- Listening to call center tapes
- Reverse engineering competitor products
- Exploring university and other patents and IP
- Talking to employees and other cross-functional team members
- Interviewing executives
- Reviewing business metrics/KPIs

- **Ideation – helps create outputs**

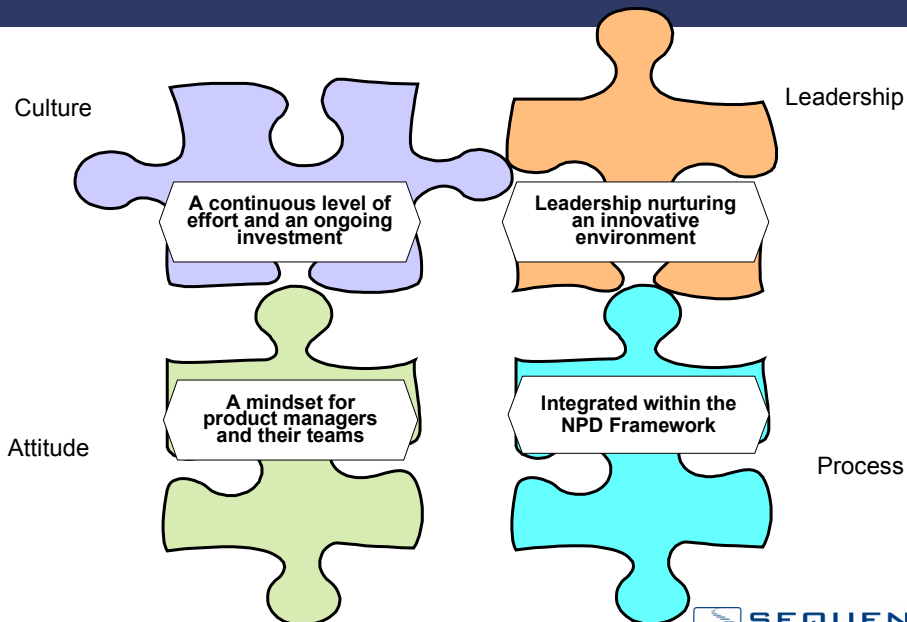
- Brainstorming
- Creative (collaborative) problem solving sessions
- Experimenting
- Exploring
- Prototyping
- Designing

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Innovation is like a puzzle



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. . . more on how others do it

Who is....?

- **Obsessive about customer research**
- **The firm that operates nine satellite design studios in targeted nations**
- **The company that sends roving teams to observe people doing what people do in their day-to-day lives**
- **The organization that makes it a point to design products explicitly for their carefully targeted customer types**

Nokia

- It's Nokia's Alistair Curtis, the head of design, and leader of a group of 250 people worldwide:
 - Psychologists
 - Industrial designers
 - Materials experts
 - Anthropologists
- The story...



Nokia



Did you know...?

"The disgusting is marvelously promiscuous and ubiquitous," William Ian Miller observes in his book ***'The Anatomy of Disgust,'*** at the start of a chapter titled ***'Orifices and Bodily Wastes.'***

Who is...?

- The company that capitalizes on the “power of disgust?”
- The firm with a marketing department that set up customer visits where people were videotaped cleaning their bathrooms
- The company that found out that “... even in the disgust-filled context of the unclean bathroom, dealing with the toilet stands out as really, really gross.”
- The company who was written up in an article called ‘Gross Profits – The Power of Disgust’

How Clorox minimized the 'ick contagion'

- The research that led up to the ToiletWand ... included consumer surveys as well as in-home studies of real people really scrubbing their own toilets.



- ***"We'll pay someone 50 bucks to watch them clean their bathroom"***

(Suzanne Thompson, Clorox VP of R&D)

* Source: NY Times Mag. May 29, 2005

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Who is...?

- The company that creates solutions to ease everyday tasks in virtually every area of the home
- The firm that is a major proponent of the Universal Design movement
 - The UDM advocates access to well-designed merchandise for all users, regardless of age, economic status, or physical health
- The company that offers more than 750 products for a variety of purposes, combining ergonomic design and a modern look
- The company that raised the bar on ease of use, comfort, and performance
- The company that, in 2002, made it a point to observe, interview, and brainstorm to figure out “how do we make our products work faster, easier, and better?”
- The organization that won the 2008 National Design Award for Corporate Achievement

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Oxo

- It's OXO's GOOD GRIPs i-Series. Each i-Series item combines premium materials with innovative attributes for a performance difference customers see and feel
- They studied the peeler blade
 - Shapes, materials, coatings, geometries
 - Each type was prototyped and tested
 - They found the original blade was best – it just needed to be a bit longer
- They watched chefs who threw out the peelers once a week – the way you would throw away a razor blade
 - They created a 'replacement' blade for their peelers (saved money)



OXO's founder, Sam Farber, chose the name "OXO" because whether it's horizontal, vertical, upside down or backwards, it always reads "OXO."

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Did we achieve our goals?

Raise your sensitivity to customers so that you can do a better job at hearing the customer's "voice"

Demonstrate how successful companies have achieved success because of how they translated what they heard, into successful innovative products



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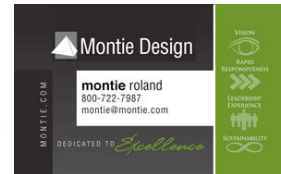
What might you do differently, knowing what you know now?

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