



FRONT UP TO THE FRONT END

Mastering the front end of innovation can bring success and a higher market share.



BY NATHAN BAIRD

Now more than ever, innovation is required to meet changing market conditions and consumer needs, to keep businesses afloat and to create growth and jobs so we can come out of the pandemic not just surviving but thriving.

Yet innovation is hard, risky and rarely successful. Most innovations and new products fail because of a lack of focus on the front end of the innovation process where consumer needs are researched, insights are distilled, solutions are ideated, prototyped and tested and business models are shaped.

Skipping or fast tracking the front end of innovation is often a false economy, with this rushing of activities resulting in rework or project failure in the more time- and resource-intensive back end of the process.

ORGANISATIONS OVERINVEST IN THE BACK END

In his book *Winning at New Products*, Robert G. Cooper references his study of 203 new product innovation projects that dissected spending and resource allocation, noting, “what stands out is how the typical new product project is loaded toward the middle and back end. Only 7 per cent of the dollars and 16 per cent of effort (person days) are expended on the front end of the process. Some of this imbalance is inevitable, especially in projects where there is major capital spending. But dollars aside, notice how little effort goes ‘upfront!’” This underfunding of the front end of innovation corresponds with its poor execution.

ORGANISATIONS BACK THE WRONG VENTURES

Cooper’s findings also share that of a typical organisations’ innovation budget “37 per cent is spent on the actual development of the product”. And horrifically, half of this expenditure and effort is on unsuccessful projects. You’d hope by the development stage that the majority of the bad projects would have been culled. But due to our haste and poor



GOOD DISCOVERY IS DONE THROUGH EMPATHETIC RESEARCH TECHNIQUES LIKE ‘BEING THE CONSUMER’.

capabilities in the front end of innovation this isn’t happening. But innovation doesn’t have to be this way.

MASTERING THE FRONT END OF INNOVATION

By focusing more effort and building your teams’ capabilities in the front end of innovation, you can improve your success rates, market share, profits and even speed to market. In another study by Cooper, this time of 2000 new product projects, he found that those teams who executed the front end of the project in a high quality fashion achieved more than double the success rate, double the profitability and double the market share of those projects that did these stages poorly.

This can be achieved by taking a consumer-centric and design-led approach to innovation, adopting and building capability in the following four practical and proven phases.

1. DISCOVER

In this phase you immerse yourself in the world of the consumer to explore the opportunity space from a consumer lens and identify who your consumers are, what is important to them and what pains and delights them. Good discovery is done through empathetic research techniques like “being the consumer”, where you experience the situation the consumer experiences; “being with the consumer”, where you observe the consumer in situ and interview them after; and “learning ▶

about the consumer” by talking to the people around them, including subject matter experts.

2. DISTIL

It's one thing to talk to your consumers and another to distil what it actually means and where the opportunities exist to improve their lives. This is where curiosity, synthesising, and sense-making skills come in handy to identify “consumer insights” – the “why” behind their needs.

For example, before TV show Top Gear became a global hit it was featuring more tech, gadgets and technical car talk than a rival show, yet its viewership and ratings were tanking. It wasn't until they spent time understanding their target audience and distilled these observations that they realised their audience was more entertained by the camaraderie and banter that goes with cars than the car tech itself. Only then did it become a global hit.

3. IDEATE

Ideation is about using creativity, incubation and a diversity of minds to generate fresh new ideas for problems consumers want to see solved, and offer the organisation the biggest source for competitive advantage. During this stage you need to unlock your team's creative attitude and dial up their creative behaviours, skills and state to come up with solutions that are new and different.

4. EXPERIMENT

Ideas alone aren't enough. Relevant, value adding and actionable ideas are needed. Experimentation is a fast, low-cost and hypothesis-driven approach to validating which ideas to take into development and commercialisation. In experimentation, teams quickly and cheaply prototype their solutions, building the minimum required to make it testable. They then test these prototypes to validate their

assumptions and gain learnings as to why they succeeded or failed. Teams start by first testing desirability (does the consumer want it?) and move rapidly into viability (can we make money from it?) and feasibility (can we technically and organisationally build it?).

By mastering the front end of innovation teams can not only get new products and services to market quicker, but also more successfully with higher market share and profits. ■

NATHAN BAIRD is the founder of customer-driven innovation and growth firm Methodry and author of *Innovator's Playbook: How to create great products, services and experiences that your customers will love!* He is one of the world's leading Design Thinking practitioners, a former Partner of Design Thinking for KPMG.

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