# Innovator's Dilemma

WHY DO SO MANY NEW PRODUCTS FAIL?

Academics and management gurus have long studied new product development (NPD) statistics in a quest to discover a dominant hypothesis for explaining why almost all new products fail to reach commercialization phase or anticipated ROI. According to some studies, **90% to 97% of all new products fail**. Not too surprising, considering 75% of all strategic business decisions fail to achieve their objectives. While studies show some correlation to flawed or low level critical thinking and analytical problem solving skills, learning organizations can implement tangible best practices and cautionary measures to minimize the innumerable hazards of innovation.

SOME COMMON MISTAKES

Although the hazards of innovation are almost infinite, the following is a short list of common mistakes leading to product failure:

1. **Ad Hoc New Product Development (NPD) Practices -** Absence of proven or ad hoc adoption of NPD practices for particular project.

2. **Outdated NPD Practices –** Use of outdated or mismatched NPD practices. Applying traditional when a more flexible NPD practice is needed.

3. **Sustaining Strategy –** When current NPD methodology lacks sustaining strategy.

4. **Poor Product Definition –** Lack of methodology or discipline during critical product definition phase.

5. **Deficient Product Definition –** Commencing product development with a deficient product definition.

6. **Team Structure Type –** Randomly adopting one of the four fundamental team structure types without alignment to project and organization type.

7. **Product & Process Mismatch –** Process and product change framework mismatch with project type.

8. **Open Loop Syndrome –** Commencing development phase with a deficient product definition leads to ongoing feature requirement through product launch phase - open loop syndrome.

9. **Wrong Strategy –** Having a strategy does not mean having the right strategy.

10. **Outdated Strategy –** Too often companies are reluctant to revisit and align their product, business, and corporate strategy.

11. **No Mapping –** No strategic planning or mapping process.

12. **Not Linking Strategy –** Failing to link the right strategy to the NPD project.

13. **Not Linking Project Plan –** Absence of aggregate project plan that links NPD to business strategy and development efforts to resources.

14. **Lack of Performance Tools –** While various business project-planning applications can track internal progress, a BSC model with appropriately located feedback loops are required to capture execution inclusive of market and external constituents.

15. **Communications –** Ineffective communication tools and methods, which intuitively convey NPD progress relative to both internal and external changes.

16. **Execution –** Without effective execution, the right strategy and NPD practices will still come up short.

17. **Underutilized Prototyping –** Poor or underutilized prototyping cycles.
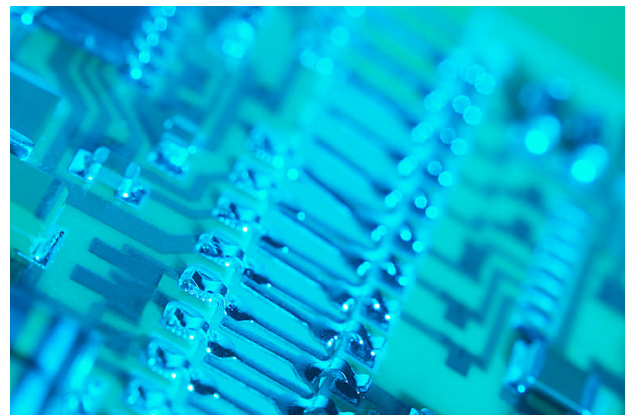
18. **Development Trajectory –** Slow getting on the right development trajectory.

19. **Stage-Gate –** Not leveraging a stage-gate model or poor discipline of properly applying a stage-gate process.

20. **Market Launch –** Market launch lagging or ineffective.

21. **Lead User –** Ineffective or absent lead user methodology.

22. **Misperceptions –** Supplier and customer misperceptions of new product value added. Product not aligned with customer needs.

23. **Shadowed Products –** Creating shadowed new products unknowingly.

24. **Delusionary Products –** No basis for validation of customer perceived value (CPV). Value added is perceived.

25. **Faulty Positioning –** Faulty product positioning.

26. **Marketplace Gaps –** Creating more marketplace gaps stemming directly from NPD initiatives.

27. **Intelligence –** Poor process of getting reliable market information.

28. **Cycle Mismatch –** Mismatching resources during NPD process.

29. **Not Invented Here (NIH) Syndrome –** Companies that effectively utilize development partnerships leverage open-market innovation principles. Most R&D intensive multinationals now recognize and tap into open-markets for innovation.

30. **Genetic Makeup and Culture –** The genetic makeup and culture lack the inherent advantages of cultivating a learning organization. Most organizations steer decisions away from risk and condone failure in the context of innovation. Truly innovative breakthroughs are a distillation of a series of logically connected failures.

31. **Late To Market –** Failure to recognize the devastating impact of missing or mistaking the "window of opportunity." Increasing hypercompetitive markets require flexible yet disciplined NDP practices that acknowledge moving target markets and changing landscapes.

32. **Poor Marketing Planning –** Too often organizations, especially smaller early-stage innovative organization, try to launch a new product at the commercial phase in a "watch and see" manner without committing to a market launch plan. In doing so, the product positioning and results will almost certainly fall short. A marketing plan and sequencing product launch are integral to NDP initiatives.

33. **Confusing Sales and Marketing Planning -** A number of organizations confuse sales and marketing objectives to be synonymous.

34. **Deficient Business Model –** Without a business model, a new product will end up being launched into the market with no correlation between price and customer perceived value.

35. **Poor Design –** No amount of marketing effort will overcome a poorly designed product or quality.

36. **Sunk-cost Trap –** Reluctance to change course from bad decision and biasing decisions wrongfully on sunk-cost.

37. **Using Analogies –** "If the only thing you have is a hammer, everything looks like a nail." Wrongly applying past experiences, solutions, and analogies to guide decision making process or solving problems is the root cause of flawed decisions.

38. **Maintaining Status Quo –** Most individuals are risk averse and bias decisions in favor of maintaining the status quo.

39. **Need-To-Know Syndrome –** Organizations that operate in a need-to-know only basis reinforce a rigid inflexible functional hierarchy with inefficient information flow. Ultimately, this impedes an organization from becoming a learning organization, communicating effectively, and quickly adapting newly gathered information into change.

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