

FOOD PROCESSING DEVELOPMENT

CENTRES FOR COMPETITIVE ADVANTAGE



Commercialization Best Practices

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Commercialization

- Define commercialization
- Define Value-Added
- Define management
- Rules for successful commercialization
- Commercialization best practices
- Discuss the 10 critical success factors for new product development (NPD)
- Review a commercialization roadmap
 - Matrix of 4 Tracks and 6 Stages
- Key Messages



Commercialization defined

“ The act of structuring and managing a commercial venture on a business basis for profit, including the sequence of actions necessary to add value and to achieve market entry and general market competitiveness of new and existing technologies, products, services and processes”



Value-Added defined

“ A term used to describe the additional value created at a particular stage of the value chain of production or through packaging and marketing”

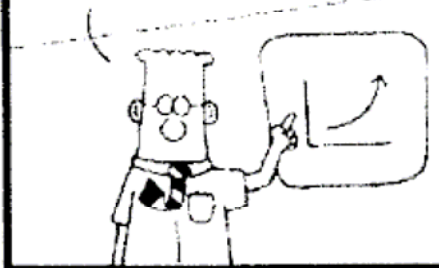
- In food processing, it refers to increasing the value of a raw food product by changing it in some way to better meet the end consumers needs
- Will your products save the consumer time and effort?
- Follow the new product development (NPD) steps



Management Defined

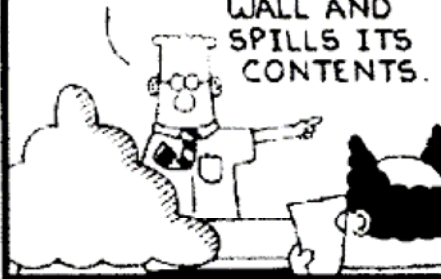
“Is the organizational process that includes strategic planning, setting objectives, managing resources, deploying the human and financial assets needed to achieve objectives, and measuring results. Includes executing plans, coordinating activities and resources, fostering cooperation among organizational units, and supervising day-to-day operations.”

AS REQUESTED, I WROTE
THE BUSINESS PLAN TO
SHOW PROFITABILITY
BY YEAR THREE.



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THE KEY REVENUE
ASSUMPTION IS THAT
AN ARMORED CAR
CRASHES THROUGH THAT
WALL AND
SPILLS ITS
CONTENTS.



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AND DON'T STAND
WHERE THE COMET IS
ASSUMED TO STRIKE
OIL.





Rules for Successful Commercialization

1. Failure to Plan = Plan for Failure
2. Jumping Ahead = Falling Behind
3. Going through properly planned gated steps = Successful Commercialization
4. Do some work as step one Go/No Go hold or recycle then do the same for up to 5 more steps gradually increasing investment of time and money with each step
5. Appoint or hire a project manager



Critical Commercialization Best Practices

Existing companies

1. Start with a properly structured company or business
2. Board of directors, company management and employees are focused and share a common vision, mission, and strategic goals
3. An up to date strategic business plan is in place covering the upcoming year and 3-5 future years – open to all employees covering new and existing products and services



Critical Commercialization Best Practices

4. There is a corporate culture of caring, sharing and excellent communication in place
5. Innovative ideas are open to be received from all employees (working with and observing customers) and good ideas are given due process and rewards are given for ideas that move forward

With these 5 critical best practices in place your business has met the definitions of commercialization and management and is ready to take on the challenge of commercializing new products



New Product Commercialization

10 Critical Success Factors

1. **Start with a unique superior idea, product or service**

Differentiated, offers unique benefits and superior value to the customer

2. **Strong market orientation**

Market driven & customer focused. Part of a new product process – steps taken with gates

Voice of customer – Stage-gate factor

Become customers, listen to customers, live, observe and work with innovative customers



New Product Commercialization

10 Critical Success Factors

3. More predevelopment work – very NB!

Do your homework and ‘up-front activities’ before development gets underway Don’t Jump Ahead!

Do it right the first time!

4. Sharp early product & project definition

Describe the NP before development – separates losers from winners

5. The right organizational project team structure

Cross-functional empowered accountable team



New Product Commercialization

10 Critical Success Factors

6. An Innovative supportive climate and culture

Organization and management openly supports innovation
Support and resources given to creative employees
Rewards and recognition for employee ideas

7. Top management support

Management understands and supports NPD process in organization

8. Only a few projects at a time – prioritize!

Sort the good ones from the chaff



New Product Commercialization

10 Critical Success Factors

9. Emphasis on consistency, completeness and quality of execution

Have a NPD process and follow the steps for each new product – no exceptions! Esp. Managers pet project!

10. The resources to do NPD must be in place

More money, sales force, marketing, manufacturing technical and operations resources available to NPD teams

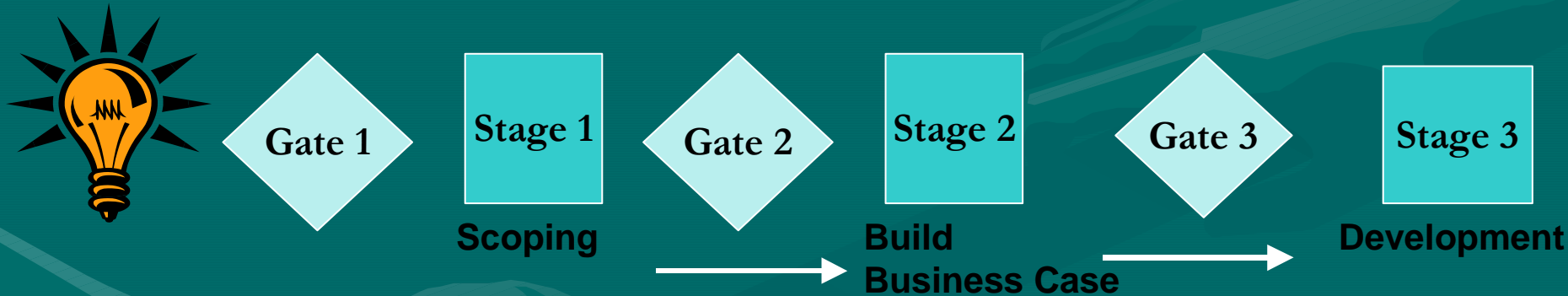
(11). Consider partnering as an option

Outsource NPD processes where you are weak
Stage-gate NPD process, Dr. Robert Cooper

Stage-gate: How it Works

☀ Gates:

- ☀ Each Stage is preceded by a Gate
- ☀ Gates = Decision Points or Go/Kill Points



- ☀ Each Gate “opens” or “closes” the road for the project to move on to the next stage
- ☀ Gates are the quality control check points in the process



Commercialization Roadmap Pathways to Market

NPD Commercialization roadmap is a matrix of 6 stages and 4 tracks

The 4 tracks are:

- 1. Product & Manufacturing Technology**
- 2. Product Testing**
- 3. Market Development**
- 4. Business Planning**

Activities are undertaken under each track for each stage simultaneously

The cross functional teams meet frequently as they are working under each track and do V of C together

The Process Model for New Product Development and Business Planning (Roadmap Fig 3 Pg 12)

Product Development	Testing Track	Market Development	Business Planning
Idea Stage			
Identify equipment, expertise and resources needed to develop the product. Determine the critical unknowns relating to manufacturing technology.	Identify regulations that will impact the new product. Determine the testing that will need to be done to develop the product.	Market Research to identify potential customers, market size and high volume user groups.	Assess the fit of the new product into the existing business strategy (if there is a business already in place). Compare estimated R&D costs to available resources.
Concept Stage			
Prepare a detailed written description of the product and use this to drive investigations into technology options for manufacturing the product.	Identify testing protocols that will need to be established to meet regulations for production, labelling and health claims.	<i>Market Overview</i> to investigate the market environment that the product will compete in for pricing, distribution channels and competitors.	<i>Pre-Feasibility Study</i> to address the key factors that affect the business potential i.e. those that affect risk, profitability and are the most uncertain.
Prototype Stage			
Produce bench-scale prototype. Compare to product specifications. Identify specific processing steps to layout a possible production system.	Update testing procedures based on the prototype. Develop quality control procedures for raw materials and finished product.	Research as above, but with more focus using more narrowly defined segments. First consideration of labels and package design.	<i>Feasibility Study</i> to analyze risks and mitigation strategies, and estimate financing requirements.
Pilot Production Stage			
Establish preliminary production system and scale up production to determine process parameters. Finalize product specifications.	Validate the production protocols at larger production volumes. Seek regulatory approvals where required.	<i>Marketing Plan</i> to describe the product, its competitive advantages, profiles of customers, sales volumes and the promotional launch campaign.	<i>Preliminary Business Plan</i> that describes all aspects of the business related to development of the new product. (Not all documentation is yet complete.).
Test Market Production Stage			
Establish the actual production site for the new product, and produce the first run of the new product that is distributed to fill initial orders.	Validate that the product is performing in a real world situation. Collect data to ensure product specifications are being met.	Implement the Marketing plan and assess its effectiveness,	Finalization of financing and verification of profitability. Update all aspects of the <i>Business Plan</i> based on results of the Test Marketing.
Launch Stage			
Fine tune production systems based on results of test market production. Full production.	Fine tune testing systems and assess their effectiveness and cost efficiencies.	Update and implement the detailed marketing program. Monitor results and competitor responses.	Fine tune the Business Plan and implement ongoing financial monitoring.
Monitor Results to Run the Business and to Generate Ideas for New Products			



Commercialization Roadmap Pathways to Market

The 6 Stages are:

1. The Idea Stage / Discovery-Scoping

Identify equipment needs, expertise, regulations, testing, market research, strategic fit, and R&D costs

Make go or no go, recycle, hold decision

2. The Concept Stage / Business Case

Detailed written description of product for technology options, identify testing protocols, investigate market, do pre-feasibility

Make go or no go, recycle, hold decision



Commercialization Roadmap Pathways to Market

The 6 Stages are:

3. The Prototype Stage / Development

Produce bench style prototype

Identify processing steps for production system

Develop quality control protocols

Research narrowly defined segments of markets, start
label & package design

Do feasibility study – analyze risk, financing requirements

Make go or no go, recycle, hold decision



Commercialization Roadmap Pathways to Market

The 6 Stages are:

4. The Pilot Production Stage

Establish preliminary production system, finalize product

Validate production protocols, get regulatory approvals

Complete marketing plan and promotional launch plan

Complete preliminary business plan – covers all aspects
of the NPD

Make go or no go, recycle, hold decision



Commercialization Process Roadmap Pathways to Market

The 6 Stages are:

5. The Test Market Production Stage

Establish actual facility, produce product for initial orders

Validate product in market, ensure product specifications

Implement and assess marketing plan

Finalize financing, verify profitability, update BP

Make go or no go, recycle, hold decision



Commercialization Roadmap Pathways to Market

The 6 Stages are:

6. The Launch Stage

Fine tune production systems, get to full production

Fine tune testing systems, assess cost efficiencies

Update and implement detailed marketing plan

Fine tune BP and implement financial monitoring

Post Launch Review

Monitor results, learning's,

manage the business, generate new ideas & new products and start cycle again.



Commercialization Key Messages

Important points to remember for successful commercialization:

- 1. Plan, Plan, Plan, do your upfront homework,.....**
- 2. No short cuts!**
- 3. Use the 10 critical success factors**
- 4. Go through each of the 6 stages one at a time, complete all recommended activities under each of the 4 tracks in each stage**
- 5. Make a go / no go, recycle, hold decision after each stage – if it is no go kill the project and allow no more work**



Commercialization Key Messages

- 6. Foster and atmosphere/culture in your business that rewards good ideas being brought forward**
- 7. Do Voice of Customer research - do not develop anything without their input**
- 8. Remember commercialization is about firstly structuring your business properly then following a NPD process to get answers required to make good business decisions**
- 9. Remember and practice the definition of good management**



Commercialization Key Messages

10. Successful commercialization and new product development requires, not only following a proven commercialization road map, but also the use of good project management practices.

As PM and NPD are not one and the same utilize the expertise of a proven PM.



Commercialization

Thank-you !

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