

How entrepreneurs launch innovation: in-market experiments

How can companies improve the commercial success of innovative products and services?

Interview with Mike Docherty, as published in Innovate Forum October 2006 “Ask the Expert”

Few established companies have applied true entrepreneurial thinking to their market launches, especially for truly new products or services that require awareness building and consumer education. Large companies could learn a lesson or two about the market launch of innovation from successful entrepreneurs.

Question: How can companies improve commercial success of innovative products and services?

Docherty: According to a recent study by the Product Development & Management Association (PDMA), “the best” companies (defined as successful at product development) have developed a much more “efficient” approach to new product development than “the rest” (4 ideas per 1 success, versus 9 ideas per 1 success). Yet in spite of this, overall new product success rates since 1995 are unchanged at 59%. One reason for this, I believe, is that while a lot of effort and focus has been put on creativity in the “fuzzy front end” of innovation, few established companies have applied true entrepreneurial thinking to their market launches, especially for truly new products/services that require awareness building and consumer education.

It’s this commercialization success rate where I believe the next frontier for innovation improvement lies. Finding better ways to do “in-market experimentation” to prove out innovations is one solution. And another is a better recognition by companies that the processes they use for optimizing today’s business may not translate into success in launching innovations into the market.

Large companies could learn a lesson or two about the market launch of innovation from successful entrepreneurs. Compare the structured approach of most large established companies with how start-ups and small, entrepreneurial enterprises operate. Entrepreneurs innovate, get it into the market and evolve (living or dying by the result). Along the way, they hopefully find a segment of the market for which their product/service creates excitement and through word of mouth, they build around it. Maybe it’s their

critical need for cash flow, or maybe it's their mindset and bias for action. Either way, this approach provides important lessons for companies of any size in launching innovation.

I know an inventor who took his patented small appliance to nearly every major branded player in the category, only to be shunned time and time again. Even when one manufacturer agreed to take it to market, their launch plans were nearly non-existent and the inventor took it upon himself to line up a spokesperson and convince the company to launch the product via infomercials. The inventor's name is Michael Boehm and his invention was the George Foreman Lean Mean Grilling Machine.

Well, we all know what a success the George Foreman Lean Mean Grilling Machine turned out to be, so you'd probably think that once they had the product, the spokesperson and their strategy to launch via infomercial that the product took off, right? Wrong. According to Mr. Boehm, it took three iterations of the product positioning and infomercial "messaging" to get it right and for sales to materialize. Initially positioned as a "healthy cooking" appliance (the grease tray showing the fat that you aren't getting), it wasn't until they focused upon "convenience" as the primary message with "healthy cooking" as a secondary benefit that product sales exploded.

Kevin Plank and the Under Armour apparel brand provide another great example of an entrepreneurial approach to launching innovation. Initially very much a basement operation, it certainly stumbled in the early going. But he got the product into the hands of professional athletes by way of the equipment managers. He knew that they would appreciate the products performance and benefits. He was right. From the PR, testimonials and free-publicity these athletes provided, Under Armour has exploded into #2 on the Inc. 500 list and is now a major brand in performance apparel.

By leveraging guerilla marketing tactics and direct marketing approaches in their launch of new product/service innovations, companies gain another critically important benefit. The immediate feedback from the in-market experimentation approach allows a company to hone and perfect both its product and its message prior to major ramp up and spending.

Even large companies like P&G are learning to innovate, adapt and evolve during product launches. In launching Mr. Clean AutoDry Car Wash, Dryel and other innovations, P&G leveraged a web presence and

infomercials to create initial awareness and confirm its marketing messages prior to mass retail rollout and national advertising support.

Entrepreneurs understand the importance of in-market experimentation, and of creating valuable “word of mouth” buzz. Leading large companies are now learning the same lessons. So if you’re trying to get an innovation launched successfully, rethink your approach and leverage the tactics used by entrepreneurs and start-ups: launch fast, fail early, adapt/evolve, win big.

Please check out Mike's weblog: www.innovation.net.

Mike Docherty is CEO of [Venture2 Inc.](http://www.venture2inc.com), a consulting and new ventures firm focused on launching game-changing innovation in consumer product markets. Prior to Venture2, Mike was a VP/GM for Sunbeam Products during their turnaround and before that he held management positions at Ford Motor Company and General Electric. Mike has an MBA from the Kellogg School (Northwestern) and BSME from Drexel University. You can visit his collaborative innovation center at www.thelaunchingpad.com.