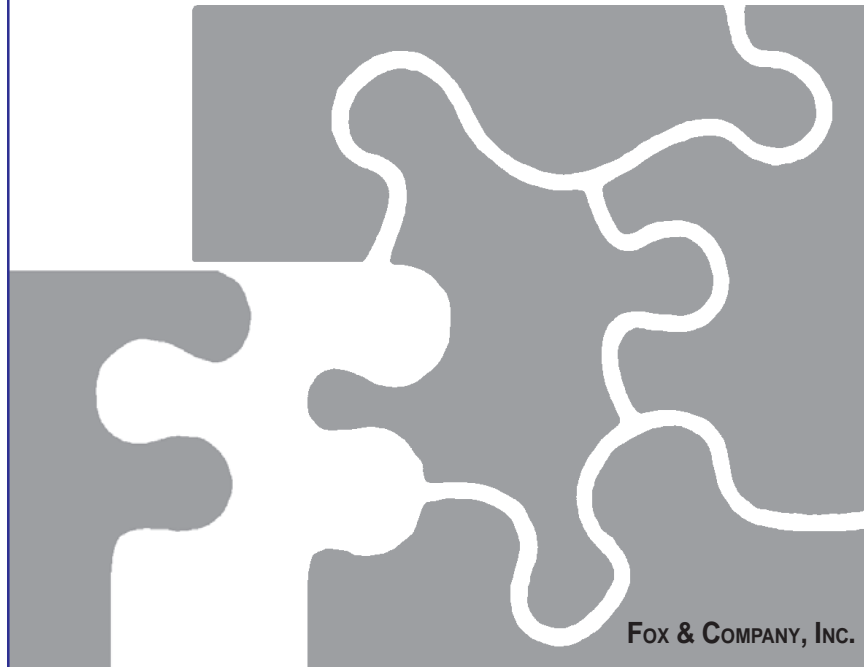


Innovative Ways to Unorganize for New Product Success



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INNOVATIVE WAYS TO UNORGANIZE FOR NEW PRODUCT SUCCESS

A provocative and iconoclastic formula for the real way corporations must go about new product development. This imaginative alternative to corporate bureaucracy and impotence offers specific, practical, simple action steps. The article answers "what should the corporation do, and what kind of person can do it?" The authors have extensive firing-line experience in developing and marketing new products and in picking new product champions.

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If it is true that “words are cheap, and deeds are dear” then most companies do not want new products. At the very least they haven’t got the heart or stomach to go through the agony and tedium of conceptualizing and introducing new products. Companies talk new products and new markets, but they work the old ones. Companies say that 35 or 40 percent of their sales in five years will come from new products. Yet they devote less than 5 percent of their people budget to new product development.

The halls of companies are littered with the bones of one-time new product managers. The company culture and “idea killers” crush the life out of the new product process. Company resistance to new product risk-taking can be obvious and vocal: “Manufacturing can’t make it;” “The return on investment is too low;” “We can’t divert precious selling time for an unproven idea;” “The trade won’t stock it at that price.” And so on. Or the resistance can be insidious and invisible. The silent killer is the toughest barrier for the new product manager to hurdle. This is the company structure and its committees, hierarchy, politics, rituals, inertia, and analysis paralysis. If the silent, risk-adverse, anti-innovation infrastructure doesn’t deter new product development, it definitely prolongs the process and takes the fun out of it (and reduces its chances of timely success).

CEOs and boards of directors understand this dilemma. They know the problems, but the solutions are unconventional and don't follow what are apparently good management rules. Senior executives are not willing to do the things necessary to foster in-company creativity and to counterbalance the no-change mentality of most companies. So CEOs resort to tried and untrue solutions. They create "New Product" or Commercial Development" departments. They hand out a couple of "Director of New Products" titles. Sometimes they create a "Corporate New Products Group (which usually fails). They allocate a little bit of money, give the person a pep talk about how important new products are, proclaim undying support, close the door, go back to managing the business, and let the gossamer threads of company inertia strangle the new products director.

The answer is to unorganize.

UNORGANIZATION IDEAS FOR NEW PRODUCT DEVELOPMENT

1. Get rid of the “new product review committees” or whatever euphemism is being used. In many corporations “review” often means dilute, compromise, and defeat, and permanent committees are where things go to die.
2. Junk the organization chart’s neat little boxes and lines and have the new product people report directly to the division or company president. Do this regardless of company size, seniority, salary levels, titles, etc,
3. Ditch all the regular reports and controls and other innovation dampeners that companies employ
4. Forget about overly rigid annual business plans, budget and variance reviews, and return on investment criteria. Provide sufficient legroom: fine tuning can be accomplished later.
5. Send a memo from the CEO to all employees emphasizing the importance of the new product effort and giving total support and clout of the President’s office to the new product person. The new product manager writes the letter.
6. Have the board of directors establish a new product performance standard for the CEO and use it to determine his annual compensation.
7. Disregard the corporation’s compensation system (grade levels, parity pay for top and average per-

formers) and pay the new product manager ample money. Be sure that new product success is rewarded with big bonuses — say, two, three or more times the base salary. Treat your successful new product person the way the marketplace economy treats a successful entrepreneur.

8. Start a “Genesis Group” open to anyone in the corporation. People join as volunteers. They can work on pet ideas, new products, or new business, and these projects can be on or off the company charter. The Genesis Group gets its own place — a special office, lab or unused meeting room. The locks are changed, and only members of the Genesis Group and the CEO get keys. The new product person runs the Genesis Group. The group does not write monthly reports, trip reports, or any of the other corporate standards.
9. Hire the “unorganization man” (or woman) to do the job of developing new, novel, and numerous products and businesses. Successful new product individuals are not going to be like the rest of the organization. They are anti-organization, anti-systems and procedures, and anti-controls — and they are anti-losing. They are the corporation’s love-hate focus. They are probably a company’s most important potential contributors, and the most likely candidates to leave.

The shrewd CEO knows how to recognize this unusual management species, fully knowing how to seek them out, free them from the chains of the enterprise, motivate them, and keep them working for the company.

CHARACTERISTICS OF THE SUCCESSFUL NEW PRODUCT PERSON

1. **General management skills.** Often mislabeled and misperceived as specialists, new product people are actually the ultimate corporate generalists. They have to touch and manage every piece of the corporate machinery to make a new product happen. Their creative skill is very special, but they are general managers.
2. **Green Thumbs.** They are gardeners, growers, and nurturers who make little seeds grow into big trees.
3. **Blank page vision.** It is much easier to run a business than to start one. It is easier to manage a brand than to create one. It is easier to manage the marketing than to start with a blank page.
4. **One man bands.** They can play all the instruments, and they have to. They can run, pass, kick, line the fields, and collect the tickets. They know about manufacturing, finance, research, sales, personnel, legalities, advertising, and budgets.
5. **“Miss-a-meal” pains.** They are hungry. They are not sated. They are nourished by creating something.
6. **Christopher Columbus syndrome.** They are explorers and discoverers. They cannot sit in port. They are always looking for solutions to problems, recognizing good answers, seeing new ways. They are interested in newness.

7. **Night sight.** They can see in the dark. They see light at the end of the tunnel. Often the darker it gets, the more lucid their vision becomes.
8. **Lead from the middle.** To change, to create, requires reorienting the organization. The winning new products people have to be “sell guys” not “tell guys.” They must lead the organization from within, working in the bowels of the structure, effecting gradual acceptance of the concept. This marshaling ability convinces R&D that it can be formulated, manufacturing that it can be made, sales management that it can be sold, and so on.
9. **Velvet hammer.** They keep hitting, but they don’t hurt or inflict lasting damage.
10. **Stamina.** Developing new products is a tedious, tiring, draining endeavor. Success requires enormous physical and mental stamina. High energy levels are required constantly.
11. **White liar.** Often the organization needs to be tricked into going forward. A little white lie here and there about how successful the new product will be generates company confidence. New product managers know that success breeds success and that confidence is critical to winning. If they can get the organization to believe in their ideas, the chance of success increases.
12. **Veterinarians.** They must hear the unsaid, the unarticulated. Just as a vet derives solutions from mute patients, so too the new product person hears the clues, needs, desires and wishes of the marketplace, even when the marketplace says nothing.

13. **Ideophile.** New product people love ideas. They collect ideas. They talk about ideas and write them down. They keep idea notebooks, Ideas stay on their mental shelf — in inventory — until they find a use for them. New product people accept and appreciate ideas regardless of the source. “Ideaphiles” don’t care if the idea is original to them. They can’t be bothered with all the unproductive discussions about idea ownership. Their interest is making the idea a reality
14. **Biblical.** When Moses said. “let my people go!” new product creators heard him. They let their people do their job, and they do not interfere. They do not put the pencil to every suggestion. They encourage the attempt. They praise the little victories. They never criticize failures or goof-ups.
15. **Audacious.** Big success comes from big thinking. The ideas are often simple, but audacious big ideas are the well-spring. New product winners think boldly, execute enthusiastically and go for the gold.
16. **Tinker, tailor, try.** New products are rarely perfect the first time. They usually require tinkering and tailoring. Concepts are tried and tried. New products people tinker, doodle, try, reinvent, figure, scheme, make some changes. They fail often but on their own turf — in test — not in the marketplace.
17. **Execution overkill.** The new product idea does not have to be perfect before market introduction. It just has to be better than what’s on the market. Even though the concept is not perfect at the outset, the marketing execution will be. Successful new prod-

ucts are a product of relentless, meticulous execution. New product managers overkill on execution. When Pampers disposable diapers were first introduced they didn't have adhesive closure strips. But they had other consumer advantages, and Procter & Gamble overkilled the introduction execution to get the job done.

18. **Manners matter.** The new product winner says "thank-you" and "please" 50 times a day. He knows that other people are needed to succeed. and he appreciates their support. He knows that the other people in the organization are busy with their own jobs and, reflective of the realities of a company, they are subconsciously against the fear and pain and cost and risk associated with birthing new products. The sensitive new product manager understands the human issue and always deals sincerely and politely with all.

As in many aspects of business and industry the solution to a problem is often obvious and simple — that's why it is usually overlooked or discarded. This method of managing — by unorganizing — is so contrary to modern business school dogma, that it is hardly ever found in today's corporate world and is antithetical to all management principles. But whether we look at the development of the wheel or the IBM PC, we see that new products were developed by individuals who were able to tap all available resources without the constraints of corporate hierarchies or organizations that stifle innovative and productive contributors.

Let these individuals be part of the unorganization, and you will have a breeding ground for tomorrow's CEOs and presidents. This is where generalists grow, learn, and prosper. Free them up, and you will create a new resource without your own organization that will be more fertile, more productive, and create more profit than ever expected!