

# Developing New Products and Services



**Course Number: MET MK604**  
**Spring 2009**

**The First Class will take place on 11<sup>th</sup> February 2009**

**Classes take place from 1.00pm – 4.00pm (except 1<sup>st</sup> week)**

**Charles River Campus — Room MET B02B**

**Instructor: Dr. Steve Leybourne Ph.D**

Phone: (617) 358-5626

Office: Room 224 – 808 Comm Ave

E-mail: [sleyb@bu.edu](mailto:sleyb@bu.edu)

Office Hours: To be scheduled for mutual convenience

When Emailing - **ALWAYS PUT THE COURSE NUMBER “AD740”** (and any other relevant information) in “Subject” line of email.

**Direct link to CourseInfo web site for this course is:**

**[http://courseinfo.bu.edu/courses/09sprgmetmk604\\_bg/index.html](http://courseinfo.bu.edu/courses/09sprgmetmk604_bg/index.html)**

## **COURSE DESCRIPTION:**

Students are exposed to the global challenge of innovation and how marketing issues directly impact the success of new product/service design and introduction. They will examine the difficult task of determining a firm's internal competitive advantages and external environmental considerations in relationship to the consumer's shifting needs and wants. The course focuses on the complex marketing issues involved with generating creative solutions to an increasingly demanding marketplace. (4 credits)

## **SCHEDULE OF MK 604 Spring '09 CLASSES AND ASSIGNMENT** (as at 9<sup>th</sup> March 2009)

- Note: This schedule is mostly fixed at this time; however because teams will be formed after the first class, the team oral presentations and/or PowerPoint presentations that are often assigned to begin discussion of cases are not shown in this schedule. A later version of this schedule will include the oral presentations. Additionally the topics and due dates of the short individual written case paper assignments (a maximum of three will be assigned) may be changed.
- All students must take final examination on the **last day of class (20<sup>th</sup> March 2009)**, unless permission has been given well in advance for extreme extenuating circumstances (e.g. severe illness). **Note: The exam component of this course may be divided into a 90 minute midterm halfway through the course covering the first half, and a 90 minute exam on the last day covering the second half. More information will be provided on this.**
- Team PowerPoint presentations when assigned should be 5 slides (including one title page with your team's number, its members, the course number, and the article or case addressed). All students are responsible for being prepared for the class discussion of all materials assigned **even if your team is not presenting that particular day** and are accountable for knowing these materials on exams.
- Unless otherwise indicated, materials listed such as cases and readings are in the XanEdu CoursePack (you will be told when these are available and how to order online) and/or on our CourseInfo web site at:  
[http://courseinfo.bu.edu/courses/09sprgmetmk604\\_bg/index.html](http://courseinfo.bu.edu/courses/09sprgmetmk604_bg/index.html)
- The CourseInfo site also contains additional articles and materials you will assigned as well as items such as reviews of the course, questions to help you with the reading and preparation of cases.

### **REQUIRED TEXTBOOKS AND MATERIALS:**

1. Guy Kawasaki, G. (2000), Rules for Revolutionaries-The Capitalist Manifesto for Creating and Marketing New Products and Services, Harper Collins Publisher, ISBN: 0-88730-995-X (pbk.). You can buy this cheaply on amazon.com or half.com or other internet sources
2. CoursePack of readings and case studies
3. Other materials on CourseInfo site or to be distributed ("TBD") in advance of assignment.

## **ASSESSMENT**

There are three elements to the assessment of this module, as follows:

### **Case Papers (30%)**

There will be a requirement to write short analyses of up to three Case Studies that we will consider during this course. These short case papers will be a maximum of two pages each, and will be 'individual' pieces of work.

### **Classroom Performance (30%)**

Marks will be awarded at my judgement for classroom participation, case study analysis contribution, attendance, preparedness, and the content, contribution and quality of group presentations.

### **End of Course Test (40%)**

A test has been scheduled for the final class. It may however be decided that this element of assessment be met by **two** tests – one in 'mid-term' and one in the last session. You will be notified in good time if this is the case.

**SCHEDULE**

DATE OF CLASS	CLASS #	TOPICS	ASSIGNMENTS:
11 <sup>th</sup> Feb  2pm-5pm	1	<p><b>INTRODUCTION TO COURSE</b>                      Discuss relationships between strategy, entrepreneurship, and new product/service development, and underlying concepts of segmentation, stakeholder analysis, and business definition. Customer driven innovation vs. inventor driven innovation.</p>	<p>Cases And Readings (Either From XanEdu CoursePack (CP), CourseInfo Web Site, Or To Be Distributed In Class (TBD).                      Reference to Chapters In Required Books.                      Individual Or Group Assignments Due.                      Special Classroom Activities.</p> <p>Watch and discuss video on Captivate Networks.</p> <p><i>Organize and record student teams (for various assignments and presentations).</i></p> <p><i>Note: Begin reading the Kawasaki book “Rules for Revolutionaries”. You are responsible for reading this entire book during the course as a counterpoint to the more formal readings and cases. I will try to suggest in the schedule some of the Kawasaki chapters most relevant to the discussions.</i></p>
13 <sup>th</sup> Feb  2pm-5pm	2	<p><b>First Half Of Course: Understanding Innovation And Its Implications For New Product And Service Development And Market/ Application Selection.</b></p> <p>CONCEPTS OF STRATEGY AS A BASIS FOR GUIDING NEW PRODUCT DEVELOPMENT:</p> <p>Internal analysis and core competencies, external analysis and Porter’s Forces, opportunity analysis/ SWOT, and issues involved in changing strategic intent.</p> <p>Using these in a real case.</p>	<p>Schilling chapter 6 (includes mini case at beginning of chapter) (TBD) on “Defining the Organization’s Strategic Direction” and <i>prepare to discuss mini case at the beginning of chapter “Redefining Handspring – Are Smart Phones a Smart Move” (note: questions to review for the min-case at the beginning are listed right after the mini case itself).</i></p> <p>This chapter gives “strategic analysis” intellectual underpinning for new product decisions and strategy. We will especially emphasize the concepts of:                      1) <i>Environmental, competitive, and opportunity analysis</i> (e.g. is there a real market for the proposed product or service) as embodied in the SWOT model and Porter’s concepts as another way of describing the status quo and the outlook for a potential innovation. Implicit in this is the basic “<i>marketing analysis</i>” (we will get into its components of segmentation and stakeholder analysis) is the task of trying to specify in advance what market or submarket a product/ service is intended for, i.e. who will it be sold to, especially who will it be sold to first.</p> <p>This basic marketing analysis will also be used throughout the course as a basis for making decisions about a product and its development (.e.g. whether to do it, and if so, how, and what features it should have, what price it should be sold at, how it should be sold such as direct or through distributors, and various other decisions related to successful commercialization);</p>

			<p>2) <i>Core competencies analysis</i>”_or what an organization does well as one way of describing the status quo (see below); of “and how far a proposed new product initiative or innovation would require a company to “stretch” from this. We will use this assessment of “stretch” (with its implications of risk and cost attached to an initiative) as a starting point in analysis of new product development decisions.</p> <p>3) understanding the current “<i>strategic intent</i>” or “<i>business definition</i>”_of an organization;</p> <hr/> <p>4) <i>Understanding the implications of a proposed new product or service: a) would it be a change in strategic intent, or require different core competencies, b) is the opportunity compelling enough despite these drawbacks, and c) if so, what are the competencies that need to be added to the organization, and if this is not feasible, what are the strategic alternatives?</i></p> <p><b>Advent case.</b> (TBD). Read this case carefully and prepare to discuss in class.</p> <p><i>Reminder: questions for most but not all cases are in sub-folder on the CourseInfo web site. You will need to consult these questions both in preparing for classroom discussions and in writing assigned papers on cases.</i></p>
<p>18<sup>th</sup> Feb</p>	<p>3</p>	<p>DIFFERENT TYPES OF INNOVATION AND THEIR RELATION TO INDUSTRY STRUCTURE AND CORPORATE CULTURES.</p> <p>Sustaining vs. disruptive innovations.          Concept of “Value networks” or financial cultures and why established organizations find it difficult to deal with disruptive technologies.          Introduction to the task of finding the right applications and markets.</p>	<p>“Value Networks and the Impetus to Change” (TBD) and “Disruptive Technologies: Catching the Wave” (TBD) both by Christensen. These readings are fundamental to the course and necessary to understand the issues in the Hewlett- Packard case (see below).</p> <p>Kawasaki: ch 1, 2, 3 (you should be reading away on this book).</p> <p>Short article” Why Good Products Fail” (on CourseInfo web site)</p> <p>Review as needed - if you have problems understanding concepts in the readings like disruptive technologies- relevant parts of SLIDES ON DISRUPTIVE TECHNOLOGIES &amp; CROSSING THE CHASM or REVIEW OF TOPICS IN COURSE that I have put on the CourseInfo site.</p> <p>“Hewlett-Packard: The Flight of the Kittyhawk” case (CP or CourseInfo)  <b>Assignment: Please write 750 words (500 words minimum, 1000 words maximum!) Individual paper on the case (“Written Analysis of Case”) and turn it in at the beginning of class. Per syllabus the paper should be tightly organized,</b></p>

			<p><b>spell- checked, broken into sections with headings, etc. (see the material “Guidelines For Short Business Case Analysis Papers” on CourseInfo to help you with this).</b></p> <p>Be sure to <u>briefly</u> summarize the background situation and what the case is about, and then address the specific questions you have been given for this case (see CourseInfo), being sure to make appropriate reference both to the case and relevant concepts from the course (including the books, articles, assigned materials on CourseInfo videos, speakers and prior class discussions). Remember that not all the questions deserve the same number of words, and that specific and actionable recommendations are an important part of your paper. We expect you to be “opinionated” and then to support your opinions with reasons and facts.</p>
20 <sup>th</sup> Feb	4	<p>CONCEPTUAL APPROACHES TO COST EFFICIENTLY CHOOSING INITIAL MARKETS AND APPLICATIONS: “CROSSING THE CHASM”, SEGMENTATION, AND STAKEHOLDER ANALYSIS.</p>	<p>Adams, ch. 2: "You Don't Know Your Customer as Well As You Think You Do.".</p> <p>Adams, ch 3 – “Don't Wait to Ship a Killer Product – Get to Market Fast” What are the key takeaway points?</p> <p>Crossing The Chasm and Beyond (CourseInfo site), a condensation of Geoffrey A. Moore’s pioneering redefinition of the traditional product life cycle. Focus on the criteria he shows for finding the best early applications.</p> <p>Moore's 2000 Speech on the Chasm's Edge (brief article on CourseInfo web site. What are the major ideas in the two Moore articles?</p> <p><b>Color Kinetics case (CP).</b> In 1999, what are the major <u>possible</u> market segments to pursue, and which <u>one or two</u> do you recommend they focus on – i.e. give the highest priority in their sales and engineering efforts, and why?. <u>Don't make the mistake of “focusing” on everything. That is not focusing</u> Be opinionated.</p> <p>See Color Kinetics 20 minute video (if available) in class.</p>
23 <sup>rd</sup> Feb	5	<p>UNDERSTANDING THE CHANGING BASIS OF COMPETITION.</p> <p>Putting Innovation in Context: Understanding Evolving Market Needs (i.e. Customer Desires) and the “Shifting Basis of Competition”</p>	<p>Module II: Finding New Markets for New and Disruptive Technologies (CP) – This reading covers the shifting basis of competition (important to the Eli Lilly case), and also includes other topics which will be relevant to future cases. What are the most important concepts, wisdoms and takeaway points from this?</p> <p>Adams, ch. 9: "Big Companies Need to Act More Like Startups.” What are the most important concepts, wisdoms and takeaway points from these two chapters?</p>

		<p>When Deciding Which Products/ Features To Focus On.                  Understanding the concept of “technological overshoot”                  Which <u>existing</u> customers to listen to? Who else to listen to?                  Pro’s and Cons of “Lead User Approaches”                  Organizational structure, goals, reward systems, and their impact on product/ market decisions.</p>	<p>Eli Lilly and Co. Case - Innovation in Diabetes Care (CP). What went wrong, why, and what they should do in future. Think about how Eli Lilly should have acted as a company if they had read chapters 2 and 9 in Adams.</p> <p><u>Big lesson</u>: properly validate the basis of competition rather than assuming what is important for customers!</p> <p>Read Articles On Pfizer’s Recent Diabetes Flop posted on website. What do you think is wrong with these big pharmaceutical geniuses? Why do they screw up like this?</p>
25 <sup>th</sup> Feb	6	<p>KNOWING WHAT YOU DON’T KNOW –FURTHER METHODS FOR ASSESSING OPPORTUNITIES FOR NEW PRODUCTS IN NEW MARKETS.</p> <p>Incubation and Discovery Driven Planning.                  Using Reverse Income Statements To Test Assumptions.</p>	<p>Kawasaki, ch. 4,5, 6</p> <p>Read “Discovering What Has Been Discovered: What Job Was Your Product Hired to Do” (in CP).                  Read “Discovery Driven Planning” (in CP)</p> <p>Du Pont Kevlar Aramid Industrial Fiber case (CP). Be sure to use the above concepts in your thinking about this case. What is the organizational background (what journalists these days call the “back story” of this case, what made Du Pont so anxious to do this, your analysis of the wisdom of building the new factory (based on the use of reverse assumption analysis (DO THE MATH), and your own reactions and recommendations.</p> <p>POSSIBLE 90 MINUTE MID TERM EXAM</p>
27 <sup>th</sup> Feb	7	<p><b>Second Half Of Course: Tools and Approaches to Improve New Product And Service Development.</b></p> <p>CHOOSING THE APPROPRIATE TYPES AND STYLE OF MARKET RESEARCH                  The “search” part of Market Re(search).                  How well is the target market and application known in advance?                  Are we trying to find a good market or are we trying to make sure the</p>	<p><b>Marketware “Case” <u>Materials and Questions (on CourseInfo web site).</u></b>                  What is the background of this “case”, the “market research” methods that were used, and your reactions to the strengths and weaknesses of this approach?</p> <p><b>MarketSoft case (CP),</b>                  What is the background of this “case”, the “market research” methods that were used, and your reactions to the strengths and weaknesses of this approach?  <i>We will discuss and compare</i> the elaborate market research approach of Language Processing (LP) or “KJ” as it is called in Japan that was used, the informal market research approach that was used, how the circumstances differed, and the pro’s and cons of this approach.</p> <p><i>We will see special videos on the MarketSoft and Marketware approaches.</i></p>

		product is optimized for an existing market? How much money is at stake?	
2 <sup>nd</sup> Mar	8	<p>“BUSINESS DEVELOPMENT” APPROACHES: USING ALLIANCES PARTNERSHIPS, AND DISTRIBUTION ARRANGEMENTS TO CREATE VALUE IN A PRODUCT/SERVICE, AND TO GO BEYOND CORE COMPETENCIES.</p> <p>STRATEGIC EVOLUTION OF COMPANY BUSINESS MODELS AND PRODUCT/ SERVICE OFFERINGS.</p>	<p><b>Charles Schwab Case (1999)</b> (in CP). See questions on CourseInfo. Note that this case which covers over thirty years of this company’s history contains several topics relevant to this course. It begins in the Schwab company’s early days where it creates a service based on the opportunity created by a major disruption produced by a regulatory change; then discusses how the business definition and focus evolved in response to changes in the external environment of the business, and then discusses what it should have done in 1999 in response to the internet. <b>Assignment: 750 word (500 words minimum, 1000 words maximum) individual paper (“Written Analysis of Case).</b></p> <p><i>We will see a short downloaded video of Charles Schwab.- and possibly other examples such as Calyx and Corolla and/or Keurig</i></p>
4 <sup>th</sup> Mar	9	<p>CONSUMER MARKETING CONCEPTS AND HOW THEY IMPACT THE CREATION, INTRODUCTION AND POSITIONING OF INNOVATIONS, INCLUDING INDUSTRIAL AND TECHNOLOGICAL PRODUCTS. “Packaging”, and Fashion “Branding” Concepts- Understanding What Products Mean to Customers. “What Job Was Your Product Hired to Do” Ethnographic Ways of Understanding the “Voice of the Customer”</p>	<p>Adams, chapter 8, “Nobody Else Can Sell Your Product for You” – Do you agree or disagree with his conclusions? Are there exceptions?</p> <p>“Akio Morita: Sony” (from New Ideas from Dead CEO’s). TBD. What were the key experiences that Morita had that led to the key learning’s and concepts he developed around products (and business and life as well). This is a deep article, reflecting a very wise man. Please relate his learning’s to the key concepts in this course.</p> <p>“Hyundai Uses Touch the Market To Create Clarity in Product Concepts” – see questions on CourseInfo site.</p>
6 <sup>th</sup> Mar	10	<p>CONSUMER MARKETING CONCEPTS – continued. “Reframing” As an Innovation Strategy.</p>	<p><b>NTT DoCoMo Case</b> (in CoursePack)_What did DoCoMo accomplish and how did they do this? What are the strengths and limitations of what they did and when is it relevant, when not relevant? Use the internet to check on the current situation of DoCoMo and how its history has affected thinking in Japan about innovation and how to successfully</p>



		Connecting product features to the lifestyle and psychographics of the consumer.	commercialize it. <b>Assignment: 750 word (500 words minimum, 1000 words maximum) individual paper (“Written Analysis of Case).</b> Be sure to refer to questions on CourseInfo web site.  <b>See Kawasaki video (if available).</b>
--	--	--	--

**SPRING BREAK WEEK**

16 <sup>th</sup> Mar	11	COMING BACK TO GEOFFREY MOORE’S CONCEPT OF THE “WHOLE PRODUCT”. BUT MUCH EXPANDED!  Integrating technological innovation, listening to the voice of the customers, brand promotion, global distribution channels, and partnerships with retailers.	Adams, chapter 7, “Advertising and Marketing Are Not Synonymous” (“product, buzz, customers”).  <i>Several articles on Apple and its products</i> (posted on the CourseInfo site under Case Questions and Materials on Apple) and prepare for detailed class discussion of what Apple has accomplished.  Taiwan Review – “The Bicycle Kingdom Breaks Away.” (TBD) What are the various components that add value to a product? What secrets of success and competitiveness do you think Apple and Giant share in common?  Taiwan Review “High Tech Success Made Simple” (TBD).  Kawasaki, ch. 7,8,9,10
18 <sup>th</sup> Mar	12	COURSE WRAP-UP	Review of topics covered. Catch up of cases and readings missed. Finish viewing Kawasaki or other videos. Course evaluation.
20 <sup>th</sup> Mar	13	LAST CLASS – FINAL EXAM.	<b>Final Exam in class</b> (closed book but language dictionaries allowed). Exam will consist of short questions to answer, including possibly mini-cases, and questions will be drawn from all assigned cases, readings, and books in this syllabus.