

Is your product development a cash cow or a crutch?

 By [Anton Ressel](#)

22 Jan 2013

As a business consultant with a special focus on the craft and small scale manufacturing sectors, I have come to recognise a number of shared traits amongst entrepreneurs and business owners engaged in the design and manufacture of products.

Chief amongst these shared traits, is a tendency to assume that when sales are down and things are tough, the product must be the problem. If the product is the problem, the solution becomes very simple - make more, and hopefully better, products. Spurred on by creative passion we dive headlong into the development of new ranges and better mousetraps, but very seldom do these efforts result in the repeat business and economies of scale that all manufacturers need to sustain their business. In fact the opposite is often true, and the costly and time-consuming process of product development leaves us with less money in the bank, a room full of redundant samples and no more customers than we had before we started.

In truth, when things are not going well, it is very seldom the product that is the problem. Of course, it is a given that you need to have a marketable and viable product or product range to capture the interest of the market and find customers. However, it is all the stuff that goes on around the product and its journey along the value chain that will determine how successful your business is in the long-term. Sometimes referred to as your Critical Success Factors (CSF's), this includes areas like marketing, costing and pricing, administration, communication, customer relationship management, market access, in other words the 360 degree business environment and how you manage it for maximum success.

Simply put, you can have a highly desirable and well thought-out product range, but if your marketing is non-existent or your business communication is poor, you will always struggle to find repeat customers. Similarly a good product that is incorrectly priced because of production challenges or a lack of the tools and knowledge to accurately cost and price it, is doomed to failure - either it will be too expensive and nobody will buy it, or it will be sold too cheaply and you will make no profit, or even a loss - both scenarios have only one ending, and it is not a happy one for your business.

Pay attention

The solution is twofold. Firstly, any creative industries business needs to pay as much attention to the other critical success factors as it does to the product and the product development process. The craft sector is littered with examples of great product that never made it, and great product designers who can't seem to build a sustainable business in spite of their undeniable talent. Part of this is because they do not pay enough attention to the other CSF's, and part of it is because they do not base their designs and products on what the market wants or needs enough.

Secondly, you need to be circumspect and do some planning before embarking on a product development process. Speak

to your customers, they are an invaluable source of feedback in terms of style, colour, price points, packaging...the list is endless. Also, do some research and assess current and future trends and whether they complement your design ethos. Finally and most importantly, approach the development of new products in a holistic fashion. Whatever you develop needs to be viable, not just aesthetically but also from a manufacturing, costing and pricing, raw material availability, marketing and sales perspective.

The next time things are slow and the temptation arises to embark on a new round of product development, pause before jumping in to look at the Big Picture and you will greatly increase your chance of success.

ABOUT ANTON RESSEL

Anton Ressel is an experienced business development consultant, mentor and SME specialist. He is the Senior consultant at ED and CSI specialist agency Fetola (www.fetola.co.za), a winning mentor on the SAB Kickstart Entrepreneur Competition, and a published author across multiple publications. His passion is helping small businesses become big ones. Follow @antonres on Twitter.

■ Is your product development a cash cow or a crutch? - 22 Jan 2013

■ No shortage of money - 20 Aug 2012

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>