

Chapter 02 - The New Products Process

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**The New Products Process**

**True / False Questions**

1. The new product development process begins with the generation of attractive product concepts by new products people.

True   False

2. The full screen uses a scoring model of some type and results in a decision to deal only with development.

True   False

3. The development and launch phase comprise what is popularly called the fuzzy front end.

True   False

4. In the new products process, a batch concept is generated during the concept evaluation phase.

True   False

5. A new product suddenly emerges from R&D.

True   False

6. The time to market is often "getting the idea to the shipping dock faster."

True   False

7. Firms that strive for mindshare think not about the speed of an individual product's development and launch, but rather about creating a dominant position in the mind of the customer.

True   False

8. A good way to cope when facing a high-turbulence environment is to freeze the product concept until the last possible moment.

True False

9. Using the cash-to-cash metric to complement speed-to-market helps the firm manage just the moment of launch, not the whole launch phase.

True False

10. Services are mass produced.

True False

11. Firms that launch pioneering new-to-the-world products into the market incur a significantly lower long-term survival rate than those that enter the market later.

True False

12. The process for managing breakthrough innovation differs from managing ongoing product development processes.

True False

13. Discovery-driven planning requires that managers make assumptions about the future in order to build their forecasts and targets, recognizing that these assumptions may be quite wrong.

True False

14. In order to move promising radical innovation projects forward, senior management at some firms establishes a self-directed management team charged with moving an R&D innovation project to business operating status.

True False

15. Leading firms in radical product development tend to use a very informal process.

True False

**Multiple Choice Questions**

16. Which phase of the new products process is characterized by selection of a high potential opportunity and beginning of customer involvement?

- A. Launch
- B. Development
- C. Opportunity identification and selection
- D. Concept generation

17. Design and validation of the production process for the best prototype takes place during the \_\_\_\_\_ phase of the basic new products process.

- A. launch
- B. concept generation
- C. concept/project evaluation
- D. development

18. The basic new products process begins with:

- A. concept generation.
- B. opportunity identification and selection.
- C. concept/project evaluation.
- D. development.

19. Microconn manufactures and sells remote controllers for LCD TVs. A new competitor enters the market and offers remote controllers at lower prices. The annual marketing plan for Microconn's remote controllers calls for a line extension to meet encroachment of the new competitor. Identify the stream of activity that feeds strategic planning for new products here.

- A. Special opportunity analysis
- B. Ongoing corporate planning
- C. Ongoing marketing planning
- D. Distribution channel planning

20. Opportunities identified by ongoing marketing and corporate planning and special opportunity analysis sort naturally into four categories. Which of the following is one of them?

- A. An organizational mandate
- B. An external opportunity
- C. A core competency
- D. An internal mandate

21. An example of an internal mandate is the \_\_\_\_, which tends to increase the discrepancy between a firm's current sales and the target sales established during long-range planning.

- A. product innovation gap
- B. quality gap
- C. assessment gap
- D. performance gap

22. DuPont's discovery of Surlyn, a material with hundreds of potential uses is an example of a(n) \_\_\_\_ kind of opportunity.

- A. underutilized resource
- B. new resource
- C. external mandate
- D. internal mandate

23. George, the marketing manager of A&C Bicycles, realized that its current market was mature, the life cycle far past the dynamic growth stage. Also, he had heard that its competitor, X&Y Bicycles was developing an innovative and exciting new bicycle. George thus proposed that A&C should also come up with a new and better product. Which type of opportunity is identified here?

- A. An underutilized resource
- B. A new resource
- C. An external mandate
- D. An internal mandate

24. Which phase of the new products process is strategic in nature and is the most difficult to describe or define?

- A. Launch
- B. Development
- C. Opportunity identification and selection
- D. Concept generation

25. In this phase of the new products process, the opportunities are carefully and thoroughly described, then analyzed to confirm that a sales potential does, indeed, exist. Identify the phase in discussion.

- A. Concept generation
- B. Opportunity identification and selection
- C. Concept/project evaluation
- D. Development

26. At what point in the basic new products process is the first formal type of evaluation done and financial criteria considered?

- A. Concept/project evaluation
- B. Development
- C. Launch
- D. Concept generation

27. While evaluating an idea, a(n) \_\_\_\_\_ test is used to see what potential consumers thought about it.

- A. utility
- B. feasibility
- C. concept
- D. construct

28. In the new products process, after evaluating an idea, various views on the idea are combined together in what is often called the:

- A. full screen.
- B. decision window.
- C. product protocol.
- D. product prototype.

29. Project evaluation involves preparing a statement of what is wanted from the new product. This is known as:

- A. product concept.
- B. product protocol.
- C. product prototype.
- D. product charter.

30. At what point in the basic new products process are prototypes typically created?

- A. Concept generation
- B. Concept/project evaluation
- C. Opportunity identification and selection
- D. Development

31. The product protocol should focus upon:

- A. product price.
- B. product specifications.
- C. product advertising.
- D. product benefits.

32. The "fuzzy front end" of the new product process is composed of all of the following EXCEPT:

- A. prototype development.
- B. strategic planning.
- C. concept generation.
- D. concept/project evaluation.

33. Identify the phase in the new product development process during which the item first acquires finite form.

- A. Concept generation
- B. Development
- C. Launch
- D. Concept/Project evaluation

34. The development phase involves the development of:

- A. new product suggestions.
- B. the marketing plan.
- C. the product innovation charter.
- D. the product financing plan.

35. In which phase of the new products process is the marketing plan sketched and gradually fleshed out?

- A. Concept generation
- B. Opportunity identification and selection
- C. Concept/Project evaluation
- D. Development

36. The \_\_\_\_\_ test is a critical step which for the first time tests the feasibility and success of the marketing program and the product together.

- A. market
- B. benefits
- C. concept
- D. utility

37. In which phase of the new products process does market testing take place?

- A. Opportunity identification and selection
- B. Concept generation
- C. Launch
- D. Concept/project evaluation

38. Which of the following is true of a tested concept?

- A. It is the first appearance of an idea.
- B. It is a form or a technology, plus a clear statement of benefit.
- C. It has passed an end-user concept test; need is confirmed.
- D. It passes the test of fit with the company's situation.

39. Which of the following is associated with the concept generation stage?

- A. Protocol concept
- B. Opportunity concept
- C. Fully screened concept
- D. Stated concept

40. Which of the following is associated with the concept/project evaluation stage of a new product development process?

- A. Idea concept
- B. Prototype concept
- C. Fully screened concept
- D. Stated concept

41. Identify the product definition that includes the intended market user, the problem perceived, the benefits, plus any mandatory features.

- A. Protocol concept
- B. Tested concept
- C. Fully screened concept
- D. Stated concept

42. Both market value and clarity are lowest for a(n):

- A. protocol concept.
- B. tested concept.
- C. opportunity concept.
- D. stated concept.



43. In which of the following stages is the first full test-of-fit with manufacturing made?

- A. Launch
- B. Opportunity Identification
- C. Concept Generation
- D. Development

44. Which of the following is true of the batch concept?

- A. It is the first full test-of-fit with manufacturing.
- B. It is a form or a technology, plus a clear statement of benefit.
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45. Digiartiste Inc., is considered a firm with mindshare in the category of digital cameras. With reference to this information, which of the following statements is true regarding the firm?

- A. The digital cameras manufactured by the firm are the cheapest in the market.
- B. The firm offers the widest range of digital cameras.
- C. The marketing plan employed by the firm is the best in the industry.
- D. The digital cameras manufactured by the firm are seen as the standard for competitors to match.

46. Services and goods are often arrayed on a scale which ranges from pure service to pure good. Where does an insurance policy stand on this scale?

- A. Pure service
- B. Primarily service and partly a good
- C. Primarily a good and partly service
- D. Pure good

47. The fundamental market-related question for a new-to-the-world product is:

- A. whether the market will ultimately value the offering..
- B. whether the product is technologically feasible and simple to develop.
- C. whether the product has extremely high profit potential.
- D. whether the product is cheap/easy to produce.

48. Early, limited-performance versions of proposed new products, called \_\_\_\_\_, are often provided to allow consumers to try and comment on innovative offerings.

- A. product props
- B. focused prototypes
- C. product models
- D. batch concepts

49. Identify the new products process where through interaction with customers, designers are inspired to probe, experiment, and improvise and as a result, may come up with a successful new-to-the-world product.

- A. Probe-and-learn
- B. Consumer analysis
- C. Mind sharing
- D. Concept redefining

50. Identify the term used to describe the iterative process where the developing team develops prototypes from dozens of different new product ideas eventually settling on a prototype that customers liked.

- A. Probe-and-learn
- B. Prototype analysis
- C. Lickety-stick
- D. Concept improvisation

#### **Essay Questions**

51. Discuss the concept/project evaluation phase of the new products process.

52. Discuss the five methods to accelerating time to market as identified by new products consultant Robert Cooper.

53. What are the various points to be considered in cycle time acceleration?

54. Discuss various features of services.

55. Explain the term "lickety-stick."

## Chapter 02 The New Products Process **Answer Key**

### **True / False Questions**

1. (p. 31) The new product development process begins with the generation of attractive product concepts by new products people.

**FALSE**

*Difficulty: Easy*

2. (p. 32) The full screen uses a scoring model of some type and results in a decision to deal only with development.

**FALSE**

*Difficulty: Medium*

3. (p. 33) The development and launch phase comprise what is popularly called the fuzzy front end.

**FALSE**

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**FALSE**

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6. (p. 39) The time to market is often "getting the idea to the shipping dock faster."

**TRUE**

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7. (p. 41) Firms that strive for mindshare think not about the speed of an individual product's development and launch, but rather about creating a dominant position in the mind of the customer.

**TRUE**

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8. (p. 42) A good way to cope when facing a high-turbulence environment is to freeze the product concept until the last possible moment.

**FALSE**

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9. (p. 43) Using the cash-to-cash metric to complement speed-to-market helps the firm manage just the moment of launch, not the whole launch phase.

**FALSE**

*Difficulty: Medium*

10. (p. 44) Services are mass produced.

**FALSE**

*Difficulty: Easy*

11. (p. 46) Firms that launch pioneering new-to-the-world products into the market incur a significantly lower long-term survival rate than those that enter the market later.

**TRUE**

*Difficulty: Medium*

12. (p. 47) The process for managing breakthrough innovation differs from managing ongoing product development processes.

**TRUE**

*Difficulty: Medium*

13. (p. 48) Discovery-driven planning requires that managers make assumptions about the future in order to build their forecasts and targets, recognizing that these assumptions may be quite wrong.

**TRUE**

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14. (p. 49) In order to move promising radical innovation projects forward, senior management at some firms establishes a self-directed management team charged with moving an R&D innovation project to business operating status.

**FALSE**

*Difficulty: Medium*

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**Multiple Choice Questions**

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36. (p. 35) The \_\_\_\_\_ test is a critical step which for the first time tests the feasibility and success of the marketing program and the product together.

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37. (p. 35) In which phase of the new products process does market testing take place?

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38. (p. 37) Which of the following is true of a tested concept?

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46. (p. 44) Services and goods are often arrayed on a scale which ranges from pure service to pure good. Where does an insurance policy stand on this scale?

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- C. Primarily a good and partly service
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47. (p. 50) The fundamental market-related question for a new-to-the-world product is:

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- C. whether the product has extremely high profit potential.
- D. whether the product is cheap/easy to produce.

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48. (p. 51) Early, limited-performance versions of proposed new products, called \_\_\_\_\_, are often provided to allow consumers to try and comment on innovative offerings.

- A. product props
- B.** focused prototypes
- C. product models
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49. (p. 51) Identify the new products process where through interaction with customers, designers are inspired to probe, experiment, and improvise and as a result, may come up with a successful new-to-the-world product.

- A.** Probe-and-learn
- B. Consumer analysis
- C. Mind sharing
- D. Concept redefining

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50. (p. 51) Identify the term used to describe the iterative process where the developing team develops prototypes from dozens of different new product ideas eventually settling on a prototype that customers liked.

- A. Probe-and-learn
- B. Prototype analysis
- C.** Lickety-stick
- D. Concept improvisation

*Difficulty: Medium*



**Essay Questions**

51. (p. 32, 37) Discuss the concept/project evaluation phase of the new products process.

Before development work can begin on new ideas, they need to be evaluated, screened, and sorted out. Depending on the idea, this may be end-user screening or technical screening, or both. The work may be extensive and difficult, or it may take no more than a few telephone calls. End-user concept tests are performed and need of the concept is confirmed. A fully screened concept is generated during this phase, a concept which passes the test of fit with the company's situation. A product definition that includes the intended market user, the problem perceived, the benefits plus any mandatory features is also generated during this phase and it is known as protocol concept.

*Difficulty: Medium*

52. (p. 38-39) Discuss the five methods to accelerating time to market as identified by new products consultant Robert Cooper.

The five methods to accelerating time to market as identified by new products consultant Robert Cooper are:

- A clear product innovation charter—doing the opportunity identification homework and having a clean product definition—leads to better product design specifications and less time lost due to "recycling" (returning to earlier phases in the process to fix errors).
- A third-generation new products process that permits overlapping phases or parallel processing results in more getting accomplished in a shorter span of time; streamlined evaluation tasks means that less time is wasted in evaluation.
- A portfolio management approach minimizes the chance that the firm's human and financial resources are spread too thinly over too many projects; better project selection focuses the firm's scarce resources and uses them more efficiently.
- A focus on quality at every phase complements the PIC; by following the adage "do it right the first time," the firm will avoid unnecessary recycling.
- An empowered cross-functional team, including individuals from marketing, R&D, manufacturing, and other functional areas, that works on the project from the earliest phases, supports parallel processing and eliminates "over-the-wall" product development.

*Difficulty: Hard*

53. (p. 43) What are the various points to be considered in cycle time acceleration?

The points to be considered in cycle time acceleration are:

- Do the job right the first time: A small amount of time in the early phases can save many times that later, in rework alone.
- Seek lots of platinum BBs rather than one silver bullet: This means look at every step, every action, every meeting; small savings add up.
- Train everyone involved: People who do not know their jobs, who are assigned work without proper skill-building, will not know how to speed things up.
- Communicate: Huge amounts of delay can be traced to someone, somewhere, waiting for a piece of information. E-mail and the Internet have made collaboration much easier and quicker, speeding up communication.
- Be flexible: Look for machines that can do many jobs, people who can switch from one job to another, stand-by vendors, and more.
- Make fast decisions: Managers know that people sometimes get blamed more for things they do than for things they do not do. Retraining them to make decisions as soon as they reasonably can, and managing them in such a way that we do not destroy that willingness, is a key step to a fast program.
- Cut things wisely: There is a common bureaucratic practice of meeting a budget cut of 10 percent by cutting all of its components 10 percent. A better method is to take perhaps a 50 percent cut in noncritical steps, and zero percent in the key ones.

*Difficulty: Hard*

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54. (p. 44) Discuss various features of services.

Some features of services are:

- They are individualized to the individual customer.
- They are provided through interaction between service provider and customer, and the most successful service providers are those that can deliver a "customized" experience to each customer.
- Services, unlike goods, are also intangible, which means that a key component of the service is indeed the experience of receiving the service. For this reason, the human interaction between service provider and customer is of utmost importance.
- Service providers must strive to meet customer expectation and leave a positive impression.
- They are instantly and continuously being evaluated by customers at every interaction with the service provider. The service provider therefore needs to obtain feedback from the customer and act on it quickly so as to continuously improve performance.
- They are often evaluated by customers as the sum of their parts.

*Difficulty: Medium*

55. (p. 51) Explain the term "lickety-stick."

Lickety-stick is an iterative new products process. The developing team develops prototypes from dozens of different new product ideas ("lickety"), eventually settling on a prototype that customers like ("stick").

*Difficulty: Easy*