



# Make Room for the Customer

By Mark Deck

**Q. *How can companies incorporate customer information in the product development process?***

**A. *By connecting their development methodologies, development teams, and product strategy to the customer early and often.***

**E**veryone knows that effective product development requires a solid connection with customers and their needs and wants. Many, however, struggle with how to make this connection happen effectively and frequently. Without a clear understanding of target customers—their needs, their usage environment, their current alternatives, and their buying and servicing preferences—the risks of market failure or poor market performance are great.

Not surprisingly, this theme is borne out in PRTM's latest product development benchmarking study of 288 companies in seven technology-based industries. For those companies in the top 20% across all industries, the dominant development methodology is linked with both customers and suppliers. Further, it is guided by a clearly defined strategy based on well-understood market and technology trends. The top 20%, by the way, are those with significantly higher performance in terms of growth, profitability, return on development investment, time-to-market, and commercialization success rate. (See "The Secret of Success in Product Development" in this issue.)

Clearly, the best companies connect with the customer early and often. How can companies ensure that their connection is early and often enough? We recommend examining the three key "touch points" below:

- The customer orientation of your development process
- The customer orientation of your development teams

- The market orientation of your product strategy

## **Development Process**

Most companies use some kind of phased development methodology to bring ideas from concept to market. A methodology that is well connected with customers brings them into the process at each phase. In the concept phase, that might involve customer visits or focus groups. In the product definition or requirement phase, it might involve quantitative research to validate demand and assist in making design tradeoffs. In the development phase, it might mean getting customer feedback on prototypes or modules. In the test phase, it could include alpha and beta testing. In the launch phase, it might involve tracking the experiences of lead adopters.

Sometimes, though, the process falls down or is left to chance. To prevent this, companies should ask themselves these questions:

- Is this process of getting customer information hard-wired into our schedules?
- Are there clear guidelines on when to use different kinds of approaches for getting customer information?
- Are the methodologies used to connect requirements to needs embedded in the process or are they tools that tend to sit on the shelf?
- Are there decision criteria that require clear, well-supported customer validation in each phase before proceeding to the next?

Only by addressing these questions will you have built the customer into your development process.

### **Development Teams**

Having a well-connected development methodology is only a starting point. You will also need an external customer orientation. Successful development teams have an orientation to customer needs that is shared by every member of the team. This kind of full-spectrum involvement is similar to the practice in Quality Function Deployment of having all members of a cross-functional team become immersed in understanding the needs of customers and translating those needs into design solutions.

What's different about this approach from a traditional customer-facing operation? Responsibility for understanding customer needs is not delegated solely to the marketing function. For example, customer care, sales, channel management, and technical support are all viewed as contact points to the customer. In some instances, the extended team is augmented to include key customers or suppliers in an effort to become even more externally oriented.

### **Product Strategy**

Top performers are finding that one way to ensure a customer-facing orientation is to make the connection with the customer part of the product strategy process at the product family level. Investing in a deep understanding of customers and market trends can be justified if it can be applied across a whole family of products. It is most useful early on, for it helps companies develop a robust platform—a product platform that anticipates needs and specifies the lead product in a potential family of products to come. Development of each subsequent product family member can then incorporate the benefit of this market understanding, without having to wait for new market studies or customer research.

All of these “touch points”—development process, development teams, and product strategy—increase the opportunity for customer communication. When it comes to customers, it is unlikely that you can overcommunicate, in fact. Companies struggling to make new product development more customer oriented should take the following actions:

- Create a continuous customer connection at the front end of the process, where product family and product platform plans are being formulated.
- Connect your development process and development teams with the customer at every phase, from concept through product requirements, development, test, and launch.

If you connect at these three “touch points” continually, you will have made ample room for the customer in your product development process. ■

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