

PREFACE

What It Takes To Create Successful New Products

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It is easy to say "Bring out new products that anticipate needs" or "Develop products based on market input," but difficult to do such things in practice. Famous business schools analyze best-seller products of the past and teach how they anticipated needs, but they don't tell you much about the products of the future. On the other hand there is much to learn from looking at U.S. success stories, as regards what kinds of efforts were made in order to achieve large short-term sales.

Let us consider some important things to be learned from the new product development, marketing activities and business creation practiced by INTEL and CISCO. The age of the Internet has been called one of "dog years." It is said that the life of top-selling products is 2 years at the longest. When I had lunch together, CISCO President J. Chamber several times told me: "If you let another company get ahead of you for half a year, you'll lose half of your market. That's why CISCO won't fall behind its rivals in speed." That remark is still fresh in my memory.

INTEL's company-wide concurrent activities dubbed "Same Day Introduction" are credited with the success of its global-standard Pentium CPU. For this, various projects necessary to mass-market the CPU were implemented in parallel, including those for marketing, product development, peripheral chip lineup, provision of development environments, and creation of applications suitable for high-speed CPUs. As a result, presentation events for their new CPUs feature upon row of major-brand PCs -- so many that the events could be mistaken for PC or high-speed application marketing shows. A similar strategy has been taken by CISCO, and there are common points in the two companies' corporate takeovers and

mergers. In order to speed up development and resolve intellectual property problems they buy up enterprises possessing technology that can expedite their own products. And where an enterprise is necessary for their market expansion, they acquire a shareholding in it and proceed with joint marketing activities. Thanks to these strategies, trial production is already complete when they submit specifications to standardization organizations, and they have eliminated following in rivals' footsteps.

The success of a product depends on the development speed and the combined force of the product's competitiveness and the company's marketing capabilities. The operational departments must pour their energies into low-cost and fast development, the purchasing departments must purchase parts at lower costs than the rivals, and the sales departments must proceed with marketing strategies and timely publicity activities. A new product is not simply the creation of the operational departments. The wellspring foundation of strong and successful products is a consciousness on the part of all of a company's employees that they are on the front line in the contest.

Heretofore our company has offered products restricted to the field of automobiles. But infotainment products are not the kind that will sell simply by being produced and put on the market. They will demand solving of various new difficulties, such as provision of networks and content conducive to enjoyable use of infotainment capabilities, as well as setups enabling utilization of household appliances, mobile equipment and PC content as desired. It will be necessary to cope with rapidly changing environments by producing products that make skillful use of software, rather than the hardware-dependent products we have made hitherto. And to that end sufficient attention must be paid to the selection of platforms. Our development management will have to make a transition from product management to project management, in which all relevant items are constantly tracked.

Various methods for making new products succeed are talked about. But most important thing for the success of a product is individual creativity. That is one must develop products that stir the emotions of the people doing the developing. Fortune will come to those who persevere with such endeavors.