PURDUE UNIVERSITY

**NEW PRODUCT DEVELOPMENT (MGMT 522)**

**2019 FALL TERM: (Weeks 9 - 16)**

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**Course Description**

Our course provides an overview of the new product development process. Detailed insights are provided into topics such as new product failure, idea generation, concept testing, sales forecasting, and patent protection. Because it is challenging to complete a new product development project in a seven-week module, please form your team as soon as possible.

**Course Materials**

A course packet is required.

**Academic Integrity**

Students must follow the Purdue University guidelines for academic integrity and the Code of Honor. The link below provides detailed guidelines. Please let me know if there are any questions.

<http://www.purdue.edu/odos/osrr/academic-integrity/index.html>

For the team project, if you are working on or have worked on a similar project in another course, please let me know so the additional work for this class can be clearly identified.

**Outside Material**

In case discussions, the use of outside material from the Internet, business media, etc. is permitted for the purpose of understanding a product or a market. The role of such external case material should be supplementary. This is because the primary purpose of a case analysis is to build skills in developing a reasoned plan based on the data and information provided in the case.

However, using a case analysis found on the internet would violate the code of academic honesty. Similarly, while you are encouraged to talk to other students in your section about the case, an unfair advantage would arise by communicating with someone outside your section, such as an industry contact or a friend at another university. You should not use this type of outside information for any graded portion of the course.

**Grade**

The course grade will be determined by:

Team Project 40%

Class Contribution 30%

Individual Executive Summaries 30%

100%

**Class Contribution**

Class contribution is typically evaluated from the perspective of a business meeting. Thus, it helps to be present, prepared, and to make insightful comments that either move the discussion forward or help the class learn. It does not help to just build up “air time”. This is because quality is much more important than quantity. Believe me, this is how my impressions are formed.

New Product Monday is another component of class contribution. To stay on top of current events, each Monday our class will begin with volunteer contributions. Here are some examples.

* Bring a new product to class.
* Send me a website link that describes a new product.
* Pitch your new product idea in class.
* Taste test your new product in class.

## Three Individual Executive Summaries

The executive summary should address the questions below in no more than two double-spaced pages. Any number of tables and exhibits can be attached. The summary should be typed in Times 12-point font with one inch margins. A title page does not count toward the two-page limit. While the executive summary must be your own work, feel free to discuss it with other class members. To maintain a level playing field, analyze the case by using just the material in the case. All relevant material is included in the case.

An executive summary will typically cover 1) objectives, 2) both pros and cons of your recommendation, 3) briefly discuss other alternatives to show why your recommendation is the best alternative, and 4) implementation. Executive summaries turned in after the class discussion will be significantly penalized. If you cannot attend class, please email me a pdf file of your executive summary before class starts. Please select three out of the six cases listed below.

1) Introducing New Coke (Oct. 23)

While preparing for an upcoming meeting with the Board of Directors, Roberto Goizuetta has asked for your advice. Who is responsible for the new Coke disaster? What, if anything, should be done to those responsible?

2) Red Lobster (Nov. 4)

What do you recommend and why?

## Three Individual Executive Summaries (cont.)

3) TruEarth Healthy Foods (Nov. 6)

What do you recommend and why? Please use the Excel file posted on Blackboard to generate various sales forecasts.

4) How Valuable is Patent Protection for a Product Innovation? (Nov. 11)

What do you recommend and why? Provide a specific estimate of the damage settlement and clearly explain your reasoning.

5) Hulu: An Evil Plot to Destroy the World (Nov. 13)

What do you recommend and why?

6) Biopure Corporation (Nov. 20)

What do you recommend and why?

**Team Project**

Each team is challenged to come up with a new product or service idea that has good profit potential! While our course emphasizes new product development in large and established firms, your project can also develop a new product for a start-up venture.

The first milestone is to form a team with three or four members. The second milestone is to develop a solid new product idea along with one or two contingency ideas. The third milestone is to concept test your best idea with target consumers. Historically, about 50% of the teams also test a prototype. The fourth milestone is to develop a marketing strategy and sales forecast for the product launch.

Be as realistic as possible. Instead of friends, try to interview consumers in the target market. While working with a company has benefits, problems can also arise in terms of timing, restrictions in the analysis, data availability, etc.

A team executive summary is due on October 30. You should address your team’s best new product idea along with at least one contingency idea in a one or two-page executive summary.

In your team presentation, provide a marketing strategy and sales forecast for your new product as well as a Go/No Go recommendation. A vote will be taken to determine the best team project. While the vote does not influence your grade, winning provides a lot of "bragging rights".

Date Activity

October 16 Team formation.

October 30 Executive summary on best new product ideas.

December 2 Team presentations.

December 4 Team presentations and vote for best team project.

Team project paper is due in class.

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**I. Overview**

Oct. 16 Course Introduction Read Product Policy.

Team formation.

Oct. 21 Breakthrough Innovations Read “Uber: Changing the Way the World Moves”.

Skim “Sprint Checklists” (Blackboard).

In-Class Video: IDEO Shopping Cart Project.

Learn more at www.ideo.com.

Seating chart.

Oct. 23 New Product Failure Case #1: Introducing New Coke.

**II. Opportunity Identification**

Oct. 28 Idea Generation & Screening Skim “Lead User Handbook,” (Blackboard, Ch. 1 & 2).

Read “Is It Real? Can We Win? Is it Worth Doing?”

Oct. 30 Order of Market Entry Read “Apple Inc. in 2015”.

Team executive summary on best new product ideas.

**III. Building the Marketing Strategy**

Nov. 4 Targeting/Positioning Case #2: Red Lobster.

Nov. 6 Concept Testing Case #3: TruEarth Healthy Foods: Market Research for

a New Product Introduction.

Nov. 11 Product Patents & Case #4: How Valuable is Patent Protection for a

Prototype Testing Product Innovation?

Nov. 13 Advertising Case #5: Hulu: An Evil Plot to Destroy the World.

Nov. 18 Product Liability Read “Merck’s Vioxx Catastrophe”.

Nov. 20 Pricing Case #6: Biopure Corporation.

Nov. 25 Sales Forecasting. Read “Four Products: Predicting Diffusion (2018)”.

**IV. Team Presentations**

Dec. 2 Team Presentations.

Dec. 4 Team Presentations.

Team Project Paper is due in class.

Vote for Best Team Project.