



Failed Project Analysis

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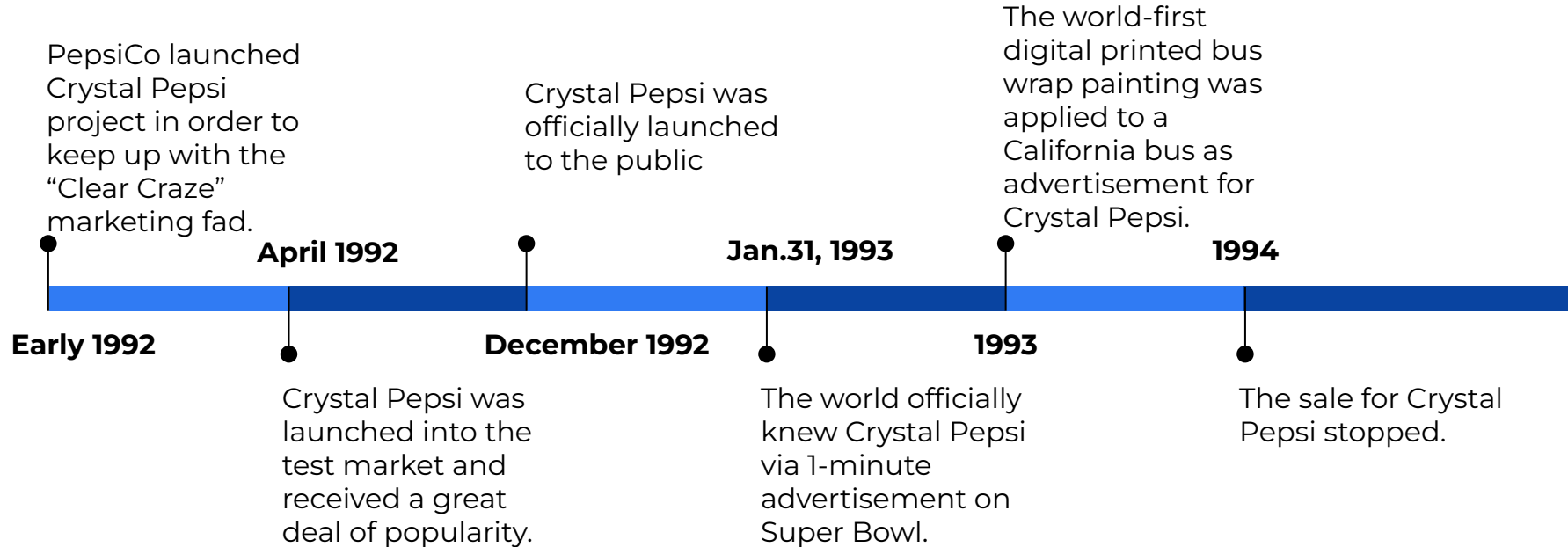
Background

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- The Crystal Pepsi was initialized, pitched, led and managed by David Novak, who was the new COO of PepsiCo.
- Crystal Pepsi made the list of the 10 Worst Product Fails of All Time of TIME magazine.



Timeline



Project Intention

Desired Outcome

Taste	Similar to original Pepsi, Lighter tasting
Visual	Clear content, Clear bottle, Healthier seeming
Ingredient	Caffeine-and-preservative free
Market	2 percent of the Pepsi Market
Marketing	Advertisement on Super Bowl 1993 https://www.youtube.com/watch?v=KPvyqKmXhc
Marketing	Bus wrap digital painting ad in California



Parameters

Basics

BASICS

Yes	No
	Y

Beginning	End	Objective	Resources			Leader	Other Efforts	Research	Progress
			Time	Money	People				
Y	Y	P	P	Y	Y	Y	Y	P	P

- **Beginning** - The leader David Novak became COO of PepsiCo in 1992 and Crystal Pepsi was introduced in April 1992 for test
- **End** - David Novak want Crystal Pepsi launched in Super Bowl on Jan. 31, 1993.

Basics

Beginning	End	Objective	Resources			Leader	Other Efforts	Research	Progress
			Time	Money	People				
Y	Y	P	P	Y	Y	Y	Y	P	P

- Objective

Taste	Similar to original Pepsi, Lighter tasting
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Marketing	Advertisement on Super Bowl 1993
Marketing	Bus wrap digital painting ad in California

Basics

Beginning	End	Objective	Resources			Leader	Other Efforts	Research	Progress
			Time	Money	People				
Y	Y	P	P	Y	Y	Y	Y	P	P

- **Resources**

Time:	The time from Beginning to End is too short for a new product development
Money:	40M dollars on ad campaign. I assume more on R&D [3]
People:	Pepsi's R&D, led by famous junk food wizard Surinder Kumar [3]; the Marketing Team

- **Leader** - David Novak

- **Other Efforts**

- Crystal Pepsi was officially launched internationally in U.S. and Canada
- Crystal Pepsi was officially campaigned in Super Bowl ad which is a huge national Sports event.
- David Novak teamed up with Surinder Kumar, the junk food wizard
- PepsiCo invented world's first digitally printed vehicle wrap in California

Basics

Beginning	End	Objective	Resources			Leader	Other Efforts	Research	Progress
			Time	Money	People				
Y	Y	P	P	Y	Y	Y	Y	P	P

- **Research** - From various resources, in the early 90s, the concept of “purity”, “clear” and “healthy” were popular among soft drink consumers.
- **Progress**
 - As every new product development, Crystal Pepsi started from a pitch from David Novak to PepsiCo CEO, then went to R&D, then to the test Market and finally the official launch. [3] However, whether the Crystal Pepsi could stay popular was not determined.

Focus group	“Love it.” [3]
Test Market	Crystal Pepsi went through test Market in April 1992 and received positive feedback. [1]

Basics

Beginning	End	Objective	Resources			Leader	Other Efforts	Research	Progress
			Time	Money	People				
Y	Y	P	P	Y	Y	Y	Y	P	P

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes, and partly.

- Objective & Research
- Time & Process
- Other Efforts

Stakeholders

PepsiCo	Customers	Shop Owners	Other Projects	Competitors	R&D, Market Team
Y	P	N	Y	N	Y

- David Novak
- Customers

Stakeholders

PepsiCo	Customers	Shop Owners	Other Projects	Competitors	R&D, Market Team
Y	P	N	Y	N	Y

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes, and No.

- Customers
- Competitors
- Shop Owners
- Bottlers (bottling company)

Social Roles

Innovator	Change Target	Opinion Leader	Change Agent	Change Aid
Y	Y	Y	Y	Y

- The Change Target was the Market and the consumers because of the big “Clear Craze” marketing fad.
- The Innovator, Opinion Leader and Change Agent were David Novak, the leader of Crystal Pepsi and COO of PepsiCo.
- The Change Aid was also David Novak because, based on my resources, he first detected the Clear Craze in PepsiCo.

Social Roles

Innovator	Change Target	Opinion Leader	Change Agent	Change Aid
Y	Y	Y	Y	Y

Q: Did the value contribute to the project failure? Were the values correct?

A: Partly and Yes.

- David Novak successfully detected the Change, formed a great idea and pitched the project to CEO.
- The idea of Crystal Pepsi itself had nothing to do with the failure. However, as previously stated, he did not capture what (some) consumers really wanted, which was an actually healthier version of Pepsi with lower calories and less syrup.

Change Assumptions

Magic Bullet	Advocate	Facilitator
Y	Y	Y

- This new product was Magic Bullet and David Novak was the advocate of Crystal Pepsi. All other departments participated in the Crystal Pepsi project were Facilitator.

Motivation

Intrinsic	Extrinsic
Y	Y

- The leader, David Novak, was the initiator of Crystal Pepsi.
- The food scientist, Surinder Kumar, was also the head of PepsiCo R&D. He thought this project was a “good shot to the moon”
- The customers’ motivation was Intrinsic and Extrinsic.

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes, and Partly.

Motive Dispositions

Achievement	Power	Affiliation
Y	Y	

- The leader, David Novak, wanted Crystal Pepsi to have good market performance, hence the Need for Achievement.
- Need for Power

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes, and No.

Leadership Types

L1	L2	M
Y		

- The Leadership Type of David Novak on the Crystal Pepsi project was a typical L1. He initialized the idea, gave pitch to CEO and dealt with marketing strategy.

Q: Did the value contribute to the project failure? Were the values correct?

A: Partly and Partly.

Project Authorities

Formal	Purse String	Bureaucratic	Technical	Charismatic	Dominance
Y		Y	P	Y	Y

- **Formal** - David Novak
- **Bureaucratic** - David Novak
- **Technical** - Surinder Kumar
- **Charismatic** - David Novak
- **Dominance** - David Novak

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes and No.

Team Structures

Domain	Technical	Equality	Leader-Centric
P			

- The main sections of the whole Crystal Pepsi Team were the R&D and the Marketing team. The R&D focused on the domain of development of the product and the Marketing team focused on the marketing domain.

Q: Did the value contribute to the project failure? Were the values correct?

A: Maybe, and Partly.

- Team structures was correct but did not execute properly.

Kinds of Team

Engineering	Innovative	Construction	Exploration
		Y	

- From the perspective of David Novak, this team was a Construction team.

Q: Did the value contribute to the project failure? Were the values correct?

A: Maybe, and Partly.

- All parts of the team should be somewhat flexible.
- Should be Engineering instead of Construction.

Team Formation

Forming	Storming	Norming	Performing
			Y

- There was a disagreement about the test period being very short. [3]
But, because the leader had all the power to decide everything, the disagreement was seemingly resolved. Also, the team actually completed all the original objectives.

Q: Did the value contribute to the project failure? Were the values correct?

A: No, and Yes.

Organizational Style

Functional	Matrix	Project	Application
			Y

- There was little project sharing between normal Pepsi project and Crystal Pepsi project because the normal Pepsi project team do not share the full recipe of the normal Pepsi.

Q: Did the value contribute to the project failure? Were the values correct?

A: Maybe and partly.

Organizational Style

Functional	Matrix	Project	Application
			Y

Q: Did the value contribute to the project failure? Were the values correct?

A: Maybe and partly.

- There was only one leader, and the project team is kind of isolated with each other.
- Balanced Matrix Organization Style

Organizational Context

Decision			Task			Interaction	
Autocratic	Democratic	Laissez-Faire	Classical	Modern	Changing	Mechanistic	Organic
Y			Y			Y	

- **Decision** - top-down Autocratic decisions
- **Task** - the leader refused to listen to the stakeholders
- **Interaction** - rigid flexibility

Organizational Context

Decision			Task			Interaction	
Autocratic	Democratic	Laissez-Faire	Classical	Modern	Changing	Mechanistic	Organic
Y			Y			Y	

Q: Did the value contribute to the project failure? Were the values correct?

A: Yes and No.

- The Environment should be flexible.
- Democratic
- Modern
- Organic

Intentions

Experimental	Process	Strategic	Culture
		Y	

- Strategic intention to positively impact the business and get advantage over other companies.

Q: Did the value contribute to the project failure? Were the values correct?

A: No, and Yes.

Problem Orientation

Monolithic	Incremental	Evolutionary
	Y	

- The marketing plan drafting and the actual development of Crystal Pepsi were conducted in parallel.

Q: Did the value contribute to the project failure? Were the values correct?

A: No, and Partly.

- The Problem Orientation being Incremental was correct but was poorly executed.

Project Aspects

Size		Structure		Technology	
Large	Small	High	Low	High	Low
Y		Y		Y	

- **Size**

- **Duration:** At most a year
- **Team:** Marketing (include international Market), R&D (including the head of R&D)
- **Stakeholders:** U.S. & international consumers, normal Pepsi team, PepsiCo, etc.
- **Budget:** 40M dollars just for Marketing
- **Other areas:** Other departments/teams within PepsiCo

Project Aspects

Size		Structure		Technology	
Large	Small	High	Low	High	Low
Y		Y		Y	

- **Structure** - the deliverables were adequate
- **Technology**

External Integration

High	Medium	Low
	Y	

- Based on the result of bus wrap marketing and Super Bowl ad, from the Marketing perspective, the project did a decent amount of External Integration.
- Based on the fact of having a test market, the project, to some extent, brought the key stakeholder into the R&D process.

Internal Integration

High	Medium	Low
		Y

- David Novak, the leader, did not listen to the feedback from R&D about potential issues about the clear bottle, the need for more testing time and not-so-healthy recipe.
- Also, the R&D did not get access to the full recipe of normal Pepsi.

Formal Planning

High	Medium	Low
Y		

- Tests and marketing
- Many resources and budget involved

Formal Control

High	Medium	Low
	Y	

- Tests and milestones

Project Aspect, Internal/External Integration, Formal Planning and Control

Q: Did the value contribute to the project failure? Were the values correct?

A: Partly and Partly.

- The Project had low Structure, the External/Internal Integration should change to High to align with the low Structure.
- Two better options:

Size	Structure	Tech	Ex Integration	In Integration	Formal planning	Formal control
Large	High	High	Low	High	Medium	Medium
Large	Low	High	High	High	Low+	Low+

Opinions

Expert Opinion

Basics (Objective, Research), Stakeholders (Customers):

"No one bothered to explain why we need a clear Cola". ----- Kyle Murray, Professor of Marketing at University of Alberta. [11]

"Pepsi trained their consumers since the 19th century to associate brown soda with cola flavor. Launching cola in 1992 was too much of a sensory disruption." ----- Tristan Donovan, author of Fizz: How Soda Shook Up the World. [11]

Stakeholders (Customers, Bottlers, R&D team), Organizational Context and Authority

"The bottlers told me, 'David', it's a great idea, and we think we can make it great, but it needs to taste more like Pepsi,' And I didn't want to hear it. I was rolling the thing out nationally, and I didn't listen to them." -----David Novak [11]

"I learned there that you have to recognize that when people are bringing up issues, they might be right!"

-----David Novak [2]

Others:

"I learned that you can't trick the consumer -- at least not for long."

----- The head of R&D was Surinder Kumar, the junk food wizard.[3]

"It was probably the best idea I've ever had -- and the most poorly executed." -----David Novak [3]

My Opinion

Basics, Stakeholders, Motive

- The Objective was ill-defined because the Research was incomplete. The time resource for test in the Progress was too short.
- The customers' requirements were incomplete. The project did not consider the Shop Owner, Bottling Company and Competitors as stakeholders.
- The project falsely identified the Change Target. The leader did not assume the role of Facilitator.
- Customers' motivation for the product was falsely identified.

My Opinion

Organization, Authority, Teams

- The leaders' Need for Power in his Motive Dispositions might affect the normal execution of the project.
- R&D'S Technical Authority was not enough competing with the leader's Authority.
- Team structures was correct but did not execute properly.
- The Kind of Team should be Engineering instead of Construction.
- The Decision-making should be Democratic, the Task should be Modern, the interaction should be Organic.

My Opinion

Project

- The Problem Orientation being Incremental was correct but was poorly executed.
- Because the Objective/deliverable was ill-defined, the Project had low Structure, so, the External/Internal Integration level should be changed to High in order to align with the low Structure.

Similarities and Differences

- Similarities - agree with all expert opinions.
- Differences



Conclusion

Conclusion

From our perspective, the major contributing factors are:

- Incomplete, inadequate, invalid Research, resulting incomplete Objectives and insufficient Stakeholders.
 - Should identify all stakeholders and their requirements/Motives
- Wrong Project Authority and wrong Organizational Context because the project manager let passion get in the way of logic
 - should have more on Technical Authority
 - should be Democratic decisions, Modern Task and Organic Interactions
- Wrong Kind of Team
 - should be an Engineering one
- Poor Execution
 - should stay consistent

References

[1] https://en.wikipedia.org/wiki/Crystal_Pepsi

[2]

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[3] <https://www.thrillist.com/drink/nation/what-is-crystal-pepsi>

[4] <https://www.neurotrend.com/post/campaign-fail-crystal-pepsi>

[5] <https://www.mashed.com/111261/crystal-pepsi-flop/>

[6] <http://www.pensacolassign.com/work/2020/06/23/history-custom-car-wraps/>

[7] https://en.wikipedia.org/wiki/Wrap_advertising

[8] Project Management and Organizational Psychology Perspective, Second Edition, Dr. Thomas A. Browdy © 2009

[9] https://en.wikipedia.org/wiki/Clear_craze

[10] <https://time.com/13549/the-10-worst-product-fails-of-all-time/>

[11] https://www.youtube.com/watch?v=eXjJvG_WDsQ

*Note: There are some references I cannot access because they need subscription. So, I use Wikipedia instead.