

Opportunity DiscoverySM: Basic Product Line Growth through Strategic Innovation

Client: Fortune 500 manufacturer of consumer and industrial hardware and tools.

Challenge: While enjoying a strong share in the home improvement and consumer segments, the company was unhappy with its share of the high-end, high-margin professional hand tool market. The client felt that they had knowledge of and presence in the appropriate channels and that the solution lay in the product, specifically the need for innovation and differentiation within the staid, basic product line. **We're not playing well in an important and profitable area. We need breakthrough product innovation.**

Diagnosis: The client had a very good grasp of the market and had accurately defined the challenge as having a product-based solution. This advanced the process directly to the discovery phase of capturing the needs of "lead users"; those potential customers of a product or service that are out ahead of the general group and are not only aware of how things should be but frequently tweak and modify the current offerings to conform to their vision. They represent the voice of the proactive, visionary customer. They are sometimes hard to find and must not be confused with good customers. Good customers, as wonderful as they are, only serve as affirmation of your present product offering. **We need to talk to those people who already know what a better product looks like.**

Methodology: The process started with a research strategy meeting, applying Product Genesis' Opportunity Discovery methodology. A cross-functional team was established, comprised of product and marketing managers, production and design engineers from the client, as well as senior consultants, technology strategists, user research and human-factors experts from Product Genesis. The team identified a focus customer segment and likely lead users by profiling the characteristics of leading candidates and then interviewing industry experts by telephone. Twelve prospective organizations with multiple lead-users were then visited for video taped in-depth interviews and observational research. The video results were then processed and clustered, resulting in a detailed

database of latent and emerging customer needs. These needs were then translated into technical requirements grouped by product through workshops held with the client team.

Two sets of customers/stakeholders were identified for the product category: end-users and contractors (who employed users and frequently provided the tools as part of the relationship). Each had its own unique requirements, which were related but distinct. There also emerged a number of additional innovation opportunities beyond the core focus that would provide additional opportunities for growth through innovation.

The group decided to focus on a specific basic hand tool as the best place to start. (It was also important, as part of the mission, that a skill set for repeatable innovation be provided. The client was left fully capable of pursuing the other opportunities at a later date on his own).

The factors identified for breakthrough innovation were superior durability coupled with superior ergonomics; not easily accomplished. Simple, all-steel versions had excellent durability but transferred fatigue-causing vibration and shock to the user's arm. This translated to pain and loss of work for the user; and lost productivity for the contractor. Wooden- and plastic-based products were better at absorbing shock but didn't last long. Observations showed that lead users were modifying both their work patterns and tool handles in a variety of ways, i.e. taping them to absorb sweat and/or make them more shock absorbent. This pointed to the product innovation that delighted both users and contractors, a product handle

built on a rugged steel shaft clad with a new, durable, shock absorbing cast resin, encased in an over-molded, ergonomically designed elastomer grip. **If we use our innovation skill set properly, we can identify untapped opportunities as part of our ongoing strategy.**

Results: The client was provided with an innovation platform that enabled them to double their market share with their high-margin professional grade hand tools. The Company continues to pursue additional untapped product opportunities identified, using the skill set provided, while deservedly gaining the reputation as an innovator in their industry, including high-profile recognition in *The Wall Street Journal*. **Strategic Innovation fundamentally changes the basis of competition within an industry.**

