

Businessman must develop all new product ideas

Product ideas that have survived the screening and idea evaluation steps of the new product development process still have a long way to go before final acceptance or rejection.

The development step is next and refers to the creation of a physical product, or prototype model. As such, this step may involve one or more cycles of building, testing and revising the product model before pilot production occurs.

With actual models, it becomes possible to show potential customers how the product concept has been transformed into a tangible product.

Research is very useful here because it allows customers to react to specific product features as well as the entire product idea in physical form. The research process may involve months or years before it is completed. This is especially true in large organizations. For example, it took Procter & Gamble more than 10 years and \$80 million to develop Pringles potato chips.

After the product has been tested, a pilot production program is implemented to see if the desired product can be produced economically. Many small businesses choose to skip this aspect of the new product develop-



focus: small business

Mary DiPaolo

ment process because pilot production testing may be considered impractical or too risky. In the case of durable goods, which have high fixed production costs and long production lead times, the products are usually manufactured without additional testing taking place.

Non-durable goods that are not tested may be justified when the product can be easily copied by competitors. Presumably a company would test specific factors that impact on production rather than just vaguely testing whether the product idea will sell in certain markets.

This may include testing alternate brands, prices or promotional techniques.

Commercialization represents the final step of the new product development process. This is the time when the surviving product idea must finally be placed on the market. Because of the size of the job, some companies introduce their products city by city or region by region, implementing a gradual rollout strategy.

This also permits more market testing although it is not the purpose of a rollout. Success here will depend more so on the enthusiastic support

of company management and staff. Without a coordinated and cooperative effort among company employees, no new product can be expected to make it for very long.

Next week, we will review the eight steps used to develop positive listening skills that can improve sales.

Mary DiPaolo is the owner of MarketTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."



today's investor

Thomas E. O'Hara

of the National Association of Investors Corp.

GM stock is best bet in U.S. auto industry

What is your opinion of the U.S. auto stocks at this time, and what do you think would happen to them if we had a recession?

The U.S. automobile stocks have always been known as being very cyclical, and I don't think that has changed. But that is the nature of the business. It is possible to have a very good investment experience in a cyclical industry, you just must be careful when you buy and not pay too much for them.

It is my belief at this time that the big three auto companies are all very well managed and will continue so indefinitely. My guess is that the greatest investment opportunity at this time probably is in General Motors.

Up to this time, the stock has not shown any great advance in keeping with the fundamental changes that have been made in the company and which seem likely to have substantially increased its profitability. Both Ford and Chrysler have already seen substantial movements in their stock in recognition of their progress.

I don't mean to imply that those two stocks won't show more increase. I just believe that at this time greater increases are likely to be shown by General Motors than by the other two.

We have now had several good years in a row, and by all normal expectations, a bad year should be near at hand. While GM has been tending to run production ahead of sales, and that could give them trouble if sales slowed quickly, my guess is that all three companies will get production down quickly if sales decline.

They all have had substantial profits and should be able to manage their cash position in case of a recession so as to keep themselves in good financial condition.

There is a lot of talk that with the number of Japanese plants in this country there is an excess of production capacity and any recession will result in cut-throat competition. What will happen remains to be seen, but I would have no fear in keeping some money in the stocks of the big three.

datebook

● BUSINESS RELOCATION

Thursday, May 25 — "The Moving File: Relocating Your Company" offered 8:11 a.m. in Southfield. Fee: \$20. Information: 358-3689. Sponsors: Bruland, Reiss, Murphy & Rembese Inc., Contract Interiors, SunTel Services Inc., Dobson Moving and Storage Inc.

● COMMUNICATIONS TECHNOLOGY

Wednesday, May 31 — "Communications Technology — The Competitive Advantage" offered 10 a.m. to 4:30 p.m. in Troy. Fee: \$125. Information: Nancy Skidmore, 645-6499.

● ACCOUNTING ISSUES

Thursday, June 1 — Current Accounting Issues conference offered 8 a.m. to 5 p.m. in Bloomfield Hills. Fee: \$90. Information: 855-2288. Sponsor: Michigan Association of Certified Public Accountants.

● DIRECT MARKETING

Thursday, June 1 — Canadian direct marketing scene discussed at luncheon meeting of Direct Marketing Association of Detroit in Southfield. Information: 258-8803.

● MUNICIPAL BONDS

Monday, June 5 — "How to Invest

in Municipal Bonds" offered 7:30-9:30 p.m. in Birmingham. Fee: \$12. Information: 644-5832. Sponsor: The Community House.

● ACCOUNTING ASSISTANTS

Tuesday, June 6 — Free job opportunity for paraprofessional accounting career offered 7:30-8:30 p.m. in Rochester. Information: 370-3120. Sponsor: Oakland University.

● STATISTICAL QUALITY

Tuesday and Wednesday, June 6 and 7 through Aug. 1 and 2 — Nine-week statistical quality control workshops offered in Rochester. Fee: \$125. Information: 370-3120. Sponsor: Oakland University.

● BUSINESS COMMUNICATORS

Thursday, June 8 — International Association of Business Communicators meets in Detroit. Information: Nancy Skidmore, 546-5490.

● DESKTOP COMPUTING

Thursday, June 8 — "Desktop Power for the 1990" offered 8:15 a.m. to 3 p.m. in Detroit. Fee: \$75. Information: 1-800-328-8363. Sponsor: Businessland Executive Case Study Symposiums.

● RADIO, TV WOMEN

Thursday, June 8 — American Women in Radio and Television hold outstanding women in broadcasting award banquet in Bloomfield Hills. Information: Lisa, 642-1411.

● CPA CONFERENCE

Friday, June 9 — "Accounting for the Tax Practitioner" conference offered 8 a.m. to 5 p.m. in Detroit. Fee: \$90. Information: Michigan Association of Certified Public Accountants, 855-2288.

● BUILDERS ASSOCIATION

Friday, June 9 — "Better Advertising for Homebuilders and Developers" seminar offered 8 a.m. to 5:45 p.m. in Southfield. Fee: \$245. Information: Builders Association of Southeastern Michigan, 737-4477.

● CPA WEEKEND

Friday-Sunday, June 9-11 — CPA weekend offers up to 29 continuing professional education credits in Rochester. Registration fee: \$25. Information: 370-3120. Sponsor: Oakland University.

● ZERO-COUPON BONDS

Monday, June 12 — "Understanding Zero-Coupon Bonds" offered 7:30-9:30 p.m. in Birmingham. Fee:

\$12. Information: 644-5832. Sponsor: The Community House.

● ACCOUNTING ASSISTANT

Tuesday, June 13 — Examination to waive introductory accounting courses in the paraprofessional accountant program begins at 8:30 p.m. in Rochester. Fee: \$10 per examination. Information: 370-3120. Sponsor: Oakland University division of continuing education.

● WOMEN IN SALES

Tuesday, June 13 — "The Strength of Weak Ties: the Socialization of Women" is topic for meeting of Professional Women in Sales in Bloomfield Hills. Non-member fee: \$20. Information: 473-2253.

Information for this column should be sent to the business editor, Observer & Eccentric Newspapers, 30251 Schoeler Rd., Livonia 48150. Information must be received by Monday to be published in the Thursday issue. Publication cannot be guaranteed. Information should contain a daytime telephone number where information can be verified.

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