

5 Ways to Dragon-Proof Your Product

Entrepreneurial optimism can get in the way of honest idea-assessment

Pat Tremaine || April 22, 2015

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We've all seen Dragons' Den pitches stopped short because of a glaring oversight. The awkward silence settles in as the camera closes up on the pitcher's expression. A bead of sweat traces a silver line down the side of his face as he struggles to justify a price point, distribution strategy, or in some cases, the usefulness of the product itself.

While the fact that a business venture is doomed to fail seems clear to us viewers, these would-be entrepreneurs often fall victim to their own can-do attitude and miss obvious warning signs. Why? Because they are too close to the product and their natural bias prevents objective assessment of its strengths and weaknesses.



Of course, that's not you. You've got the next best thing lined up and you have all your bases covered. But have you taken off your blinders? Are you sure you have a great product?

Here are five ways to check that you're not missing the obvious when it comes to your product.

Get real customer insight

Friends and family are not the right test-subjects from whom to acquire reliable product feedback. They won't want to hurt your feelings, so you'll often get a biased response. Focus groups are better. They can help you understand if your concept is believable, relevant and yield some real customer insights. But if you want to know if your widget has legs, consider user-based methods of testing your product.

Getting real customer insight means you don't just let them see it; you let them take it home and use it. Give them a real life experience with it. You want to see how it fits into a test subject's routine.

If you think you have a good idea, you have to get use-ability into the mix. Doing so lets you learn if your product works the way you thought it would; if it fits with their current behaviors or if it requires a big shift; if they find it beneficial; and whether they are likely to continue to use it or lose interest after a week.

Accurately size the market

Many Dragons' Den pitchers and other entrepreneurs view their prospective market as "all the possible users of this product." But that's not realistic.

Start with the known market for your product and narrow it down to get to what you think is your addressable market. For example, if you're launching a luxury car, your target is not all drivers but rather those who have a household income

of more than \$100,000, have not bought a new car in the last three years, and currently own or have shown interest in luxury cars. This type of analysis will allow you to begin estimating what may be your addressable market.

Think about what is attainable for you in the first years in that addressable market given the competition and your advertising and promotion spend. Consider what realistic growth rates are. Also review the effect of distribution channels—selling online versus in bricks-and-mortar stores will yield different sales volume estimates.

Be realistic about time

One big mistake I've seen with startups is underestimating how long it takes to get something done. You have to fit into the world's schedule, but it doesn't have to fit yours.

For example, I connected with a sales distribution broker in the U.S. 12 months before the launch of a major consumer product, to understand their trade requirements. Had it been four months before launch, I would not have had the time to adopt their plan-o-gram requirements to secure shelf space with major retailers.

Advertising, distribution, PR—it all takes lead-time. Make sure you've worked that extra time into your plan, and that you are planning far enough in advance that your channels and programs will be able to work together to make the biggest impact with your potential customers.

Get good advice

One of the things the Dragons look for is an opportunity to add value by using their expertise and networks to help grow a good investment. If you don't want to give up equity in exchange for expertise, consider bringing in an outside consultant with specific marketing and sales expertise or creating an advisory board.

Advisory boards are typically small and should be made up of experts in areas you and your team are lacking. For example, if you are software developers, don't chase another software developer for your board. Find marketing, distribution and finance people instead. Building an advisory board is about understanding where your knowledge gaps are and getting help in those areas, and opening doors—advisory board members usually come with connections.

Be realistic about how far and how fast

Every company wants to get their product out quickly and achieve mass distribution. But sometimes it's easier to work in terms of concentric circles. Try rolling out in one or two markets or cities before you go national, to allow you to catch and correct any major issues before it's too late.

It's important to determine the right roll out pace because once you make a mistake nationally, you magnify the problem. Pace yourself for a marathon, not a sprint.

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Whether you are launching a new product on your own or rolling out a new product for an established company, it is important to ask yourself the hard questions. Try to take an outsider's point of view, and make sure your blinders are off by honestly considering these common pitfalls.

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