



A GUIDE TO PRODUCT DEVELOPMENT

Simple Companion For Start-up
Entrepreneurs

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This write-up is intended not as an authoritative process for product development but rather as a guide for young entrepreneurs especially in Africa, who intend to create their own product or service.

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OBJECTIVES

Developing a product does not end at having a great idea, it includes the marketability of that idea and all the necessary needs must be considered. Most developing countries especially in Africa are faced with the challenge of unemployment; there are not enough jobs, so youths are generally caught in the web of creating an idea with which they can start a business of their own and earn a living.

Not many of these young people are prepared for entrepreneurship, so they are mostly ill-equipped for the work required in giving themselves viable employment through entrepreneurship.

Knowing what to sell and how to sell it is a major challenge for most, but in this guide, there is an attempt to discuss some of the issues you need to focus on when starting out a business either by selling commodities or by offering services.



INTRODUCTION

In today's world, while creating any product, attention must be given to both human and technological trends around the targeted consumers and the industry. The future is going to be driven by so much automation, so as an entrepreneur, you must consider those products that;

- 1.) Despite the advancement in technology, they will still remain relevant to the consumers and
- 2.) No matter the change in manufacturing trend, you'll still be able to produce yours and remain competitive.

When the technology becomes obsolete, the products around it become gradually low in demand and sometimes get replaced by other products. For example, many years ago, car tyres and tubes sold at almost equal rates because for every tyre you bought you would require a tube.

In fact, you could buy two tubes within the lifecycle of just one tyre. But since technology in the industry changed to tubeless tyres, companies that specialized on manufacturing only tubes were forced to depend only on producing tubes for bicycles and motorcycles. Of course the impact would be felt on their revenue that some had to consider diversification or face total extinction.

Human trends, however, are influenced by a combination of these technological trends and nature, as well as other environmental factors that could be determined by anything, including customs and fashion.

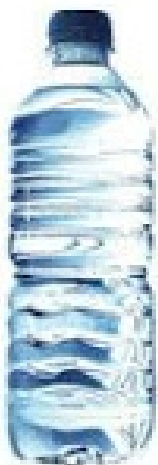


WHAT PRODUCT IS

What is a product? I will call it anything that proffers solution or is capable of satisfying a want. Note that, a product is a generic word for every kind of that output that offers the same solution, but a brand is the different deliberate identification given by each producer of the same product, just to create differentiation. E.g. a Laptop is the product, while Acer, HP, etc. are all brands.

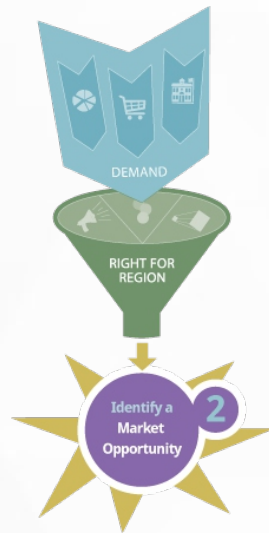
What is a new product? A new product is relative in many ways depending on where you're coming from. Your product could be termed new because of the following reasons:

1. **If it is a new venture to your company:** Most young or new entrepreneurs are in this category except you've been in some kind of family or personal business before.
2. **If it is new in the market:** This is subject to the region you find yourself and the target market you're eyeing. For example, the USA had been using mobile phones since the 70s but Nigeria had their first taste of GSM after the millennium.
3. **If the product is new to the world:** Yes, some products are new to the world especially technological products. For example, imagine what mobile phones were before the Android operating system came to the world. Or better still, if a vaccine is discovered for Malaria or COVID-19 it will be a new product to the world.



VS





You may find yourself producing a product that is new in all ramifications as stated above, but that means a great deal of initiative and creativity. In a world where the basic laws of demand and supply is what is required, for a young entrepreneur, it might be most important for you to first of all consider products that fundamentally offer solution for a target market, bearing in mind the existing and likely future competition which necessitates branding and product differentiation.

So, in the next few pages, we will discuss some factors I like to suggest for consideration when trying to develop a product.



1 Start with an idea

They don't have to be from the scratch. Make life easy for yourself; don't think invention, think inspiration. It is cool to be innovative if you really are blessed with something out of this world, but the absence of it isn't a barrier to creating a product. The idea of your product can be gotten from anywhere; you can adapt to existing technologies for more user-friendly product or adapt to existing recipes and tweak them for better taste. That doesn't make you a copycat, there's always a first in every industry, but you never can tell the next or the last.

Did you know that first video player was developed by a company called RCA? Maybe there were many attempts before them, but it wasn't successful until 1964 when a small team of engineers at RCA brought it to life. Altair 8800 by another company named MITS was released in 1975 and recognized as the first ever personal computer. The first ever compact disk (CD) system was also developed by Philips (Holland) while America's Ford Corporation was the first company to mass-produce automobiles.

But today, none of these firms is the market leader in those sectors, because the Japanese were able to pick up those ideas, reinvent them and many of their companies have now become the world leaders. They dominate the industry not because they invented those products but because they thought inspiration and got creative in re-modification.

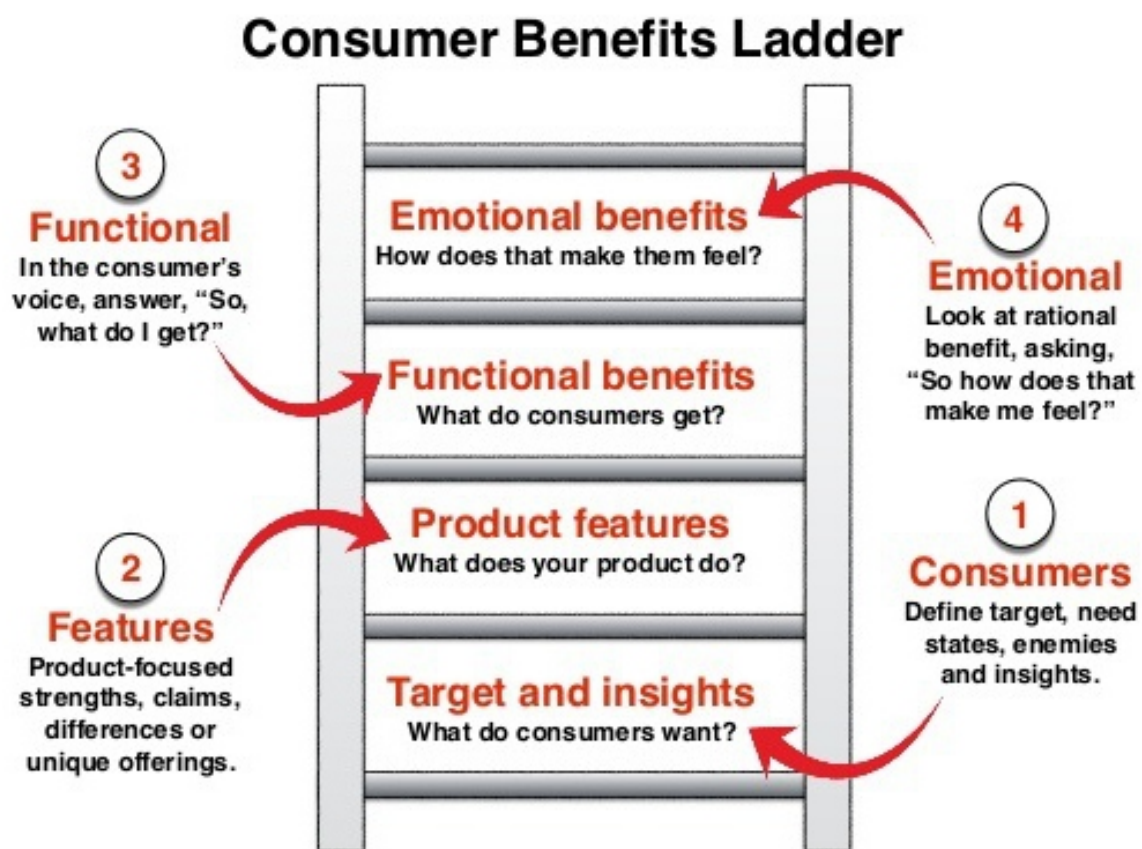


2 Base your idea on specific needs

That there is an existing idea is not a reason to be complacent with the market needs. Today, China has even gone beyond Japan in re-creating existing ideas, but this was born out of a need in the Chinese market. For example, many of these Japanese, European and American products were too expensive when imported to a highly populated China who actually could survive on local consumption, so the market demanded local production which would reduce eventual cost of the items.

You must always be sure before you toil with an idea, what are the specific needs it will address. It could be a usage challenge, it could be accessibility, it could be market segment and it may as well be cost-to-consumer like China.

Basing your idea on specific needs is like giving yourself some business objectives. You must be able to know importantly what the product or service will do for your customers as much as what it will do for you as a business owner.



3 Develop your concept

Now talking about re-modification, you won't make an impact if you're not creative with your product. A product, no matter how much potential it carries might still experience failure if not well presented. Nobody wants a product that fails as a result of poor technology or poor design...

How do you want to be different from existing products? What can you add to make yours unique? This is not branding yet, but it is very normal for the idea of how you want your product to be perceived to run through your mind at this level and that will influence the amount of creativity you put into further developing that idea to become something more marketable and it will make branding easier for you when it's time.

For instance, my first time seeing a car with headlights popping out of the bonnet with a flash and going back into the bonnet was while growing up as a young Nigerian in the 80s. I was amazed! I later knew what I saw then was a 1983 model Honda Prelude, not exactly a new product, but a new concept of adding a few aesthetics to an existing product to create extra attraction to consumers.

Actually, I read that the concept of pop-up headlights was first introduced in 1935 by a company called Cord and it later became popular in the 70s when other automobile brands like BMW, Porsche, Toyota, Ferrari, Volvo etc. began to adopt the concept and giving it some variations too to create their own unique products.



4 Test your entire idea and concept

Big corporations invest in research and development (R&D). Sometimes, they run an entire department for the purpose of sniffing information from the industry, from competitors, consumers, distributors etc. Information from these market intelligence activities influence how existing products are improved or if there are needs to introduce new range

The consumers are the life of your product. There must be someone out there who understands the market you want to enter into and there must be a few who are not willing to steal your idea and concept to go behind you and produce before you are able to raise a capital.

Try something that will give you a feedback on what you're about to venture into and make sure you're speaking to someone who truly knows. This is a dicey one to do because some opinions may shoot down your self-belief, take it objectively and move on with your convictions.



5 Consider usage patterns

The usage pattern here means user friendliness. I'll give you an example. When last did you see a female condom on the shelves at any pharmacy? Long ago I guess. I mentioned earlier that your ideas should be based on specific needs and I believe it is right to say that the inventors of a female condom must have considered complaints from women about men who didn't like using the condoms. So, they thought they could make something for the women folk and they may never need to worry anymore about their safety being in the hands of the "careless" men.

Just as we have written so far, a condom was not a new idea, they only modified by creating the female version, which was brilliant! But the female anatomy did not favor the usage pattern and it failed. So, if you're creating a new kind of meal to substitute for rice, you might want to consider the number of minutes it will take to cook compared to rice. Sophistication is a common problem that affects products under this point; you better develop a product everyone can relate with, else you will have to wait till the market evolves to your sophistication level.



6 Analyze the business sense

An idea that has successfully passed through all the screening process should be put to further scrutiny by way of business analysis. Market demand, cost of production, competition, price and profitability are estimated. Only when the idea is found to be economically viable and profitable is it considered for further development. I mean, don't just start production without proper analysis, that's why most banks and funding organizations require your business plan with features such as start-up budget, sales projection, cash-flow analysis, etc.

You want to ensure that the business terrain is also conducive for your project. This is the point where you assess the available funding opportunities, the credit facilities, how you can utilize them and how convenient is it to pay back. If you have your own capital, that is good for you, but you still require an analysis, if you don't want to lose your investment due to lack of due diligence.



7 Get your pricing right

Actually on this one, you have to avoid all the “marketing mix” problems. Product itself is the first and most important 'P' of the marketing mix also known as “4Ps of marketing” or “7Ps of marketing” depending on where you're reading from. If your product attributes are generically faulty, others which include; Price, Place, Promotion, People, Process and Physical environment may experience difficulty in marketing. So far, we have touched on those areas you should focus on in order to have a good and marketable product.

So, pricing is of specific importance here, considering that the main purpose of this piece is to guide an average entrepreneur starting up, to ensure they do the right things and avoid the common errors. Most people are caught between overpricing and underpricing, but what is important is fair pricing or realistic pricing.

Primarily, you should pay attention to the cost to you as a producer and be realistic in considering the trend among your competitors. It is, above all, necessary for you to ensure your product is acceptable at that crucial point of cost-to-consumers and that's why most people sell their commodities online so they can control the level of comfort they give to their customers through the direct contact.

7Ps of Marketing Mix				
	Product	Price	Place	Promotion
What is it	Any tangible good or an intangible service that satisfies what a customer wants.	The amount customer pays in exchange of the product or service	Refers to providing the product at a place which is convenient for consumers to access.	Various strategies applied to raise customer awareness of a product or brand, generating sales, and creating brand loyalty.
Why is it important	There is no point in making a product that nobody wants to buy. Successful companies first find out what the customer wants and then develop the right product.	The price of your product is a cost to the customer and helps identify the importance of the product to the customer. An underpriced product loses excess additional money that the customer is willing to pay for an existing product or service whereas an overpriced product results into loss of sales and revenue.	Delivery performance is one of the most important criteria when choosing a supplier. Distribution channel members can provide greater efficiency in making the availability of goods to the target markets through their contacts, specialization, experience and scale of operation.	Promotion helps increase product awareness, product knowledge and preference, increase distribution network, and sales. Remember, whatever method of promotion you're using today will, sooner or later, stop working.
Points to consider	Ensure that: 1. The product provides desired value to the customer 2. The product is a strategic fit to the company's product portfolio. It is an addition to the existing product line or length. 3. Be cautious going too far on product quality and delay launch when the customer is happy with ordinary product. 4. Develop a mechanism to regularly check what customers think of your product, their usage pattern, their needs and wants.	1. The price should be competitive but not necessarily cheap. 2. It is one of the ways to position your product in the market. The more you charge, the more value or quality is expected by the customer. 3. Consider the pricing objectives of the product, be it market penetration, company growth, survival or profit maximization, and offer the product at a price suitable to the objective and has market acceptance.	1. The means of product or service distribution should be appropriate and convenient to the customer. 2. The product must be available to the customer at the right place, at the right time and with the right quality keep costs within acceptable level. 3. Distribution strategy for the product should be properly designed considering various channel design, channel mix, channel management etc.	1. Promotion should communicate on the benefits that a customer obtains by use of the product and not just the features of the product. 2. Whether the promotional material is a leaflet or complex brochure, it must attract the customers. It should be easy to read and communicate WHY they should buy the product. 3. Ensure that internal stakeholders are aware of the value and attributes of the product so that they can re-share with the customers.

	People	Process	Physical Evidence
What is it	Everyone who contributes to the product development. It includes each member of the cross-functional team.	The processes and systems within the organization that affect the delivery of product and / or execution of service	The evidence which shows that a service was performed, such as the delivery packaging for the item delivered by a delivery service
Why is it important	Customers make judgments about product delivery and support based on the people representing your organization. Having the right people is essential because they are as much a part of your business offering as the products/services you are offering	Process is the way in which a service is delivered to the end customer. Companies thrive on their quick service and the reason they can do that is their confidence in their processes.	The intangibility associated with the service makes it risky business to be chosen for use. Physical evidence helps potential customer "see" what they are buying.
Points to consider	<ol style="list-style-type: none"> 1. All members of the team should must be appropriately trained, well motivated, and have the right attitude. 2. The entire customer facing staff should not only be properly trained, but also be the right kind of people for the job. 3. The support person becomes very critical to the consumer of the product once it is sold, even more important than price in case of product lock-in situation. 4. Consider undergoing accreditation for the staff to show your team better than the rest. 	<ol style="list-style-type: none"> 1. All process should be customer centric. Remember, the processes are designed to ease customer interaction with the company or usage of the product. 2. Product / service should be supported by clearly defined and efficient processes for leads, delivery, support and maintenance. 3. Have a product / service blue print providing details of the product / service delivery process, often going down to even define the lead generation / service script and the greeting phrases to be used by the service staff. 	<ol style="list-style-type: none"> 1. Physical evidence demonstrated by the company must confirm the assumptions of the customer. 2. Physical evidence should match the actual product to be purchased by the customer. 3. Consider using physical evidence to use as a differentiator in service marketing.

I decided in the last minute of publishing this work to include the above table which gives detailed explanation of how the marketing mix works. This will be highly useful especially knowing that some people have never had the opportunity to attend a business course and may not have been familiar with what a marketing mix is or what is meant by "7Ps of Marketing".

These are the basic principles of marketing and they remain relevant no matter the product or service one offers. It is also important to note that digital marketing processes are neither the same nor in competition with these principles.

8 | Avoid collision with the market leader

We've seen big companies show some level of market arrogance by taking a new product straight into competition with a brand that has been well established as the market leader. For example South-Africa's Multichoice are the biggest cable TV service provider company in the entire continent of Africa and their flagship brand DSTV remains the market leader in almost all the countries where they are present.

They hold the TV rights to almost all the most sought-after sports and entertainment contents while they also run a very creative production system of their own where great contents are churned out on a weekly basis. A new cable company recently tried to compete directly with them in Nigeria but became dead on arrival, not for lack of contents of their own but due to a poorly strategized direct competition with a giant. So you need to know your lane like the Chinese digital TV, Startimes which has a niche through their kind of technology and built up strategic partnerships to help them penetrate more markets in Africa.

On the small scale and to relate better with you as a young starter; imagine there are market leading bakeries in your city or province too, so before introducing your new brand of doughnuts, won't you want to think twice about taking a direct competition to them? Can you offer the kind of sales incentives they can offer?



9 Know it all, but don't be it all

Knowing about all the process means you have an idea of all the production process and commercial process. Of course no one can know it all and you don't have to try and be the machine operator when you have graphic design, business development or networking to worry about, but knowing the basics of an operator's role may help you hire the right person when needed.

The most lasting products in the world are those that were let go by the original creators. There is a popular saying that; owning 20% of a business that works is better than owning 100% of an idea that never kicks off. You must have heard the story of Judy Tong, Alibaba's former receptionist who later became the company's vice president.

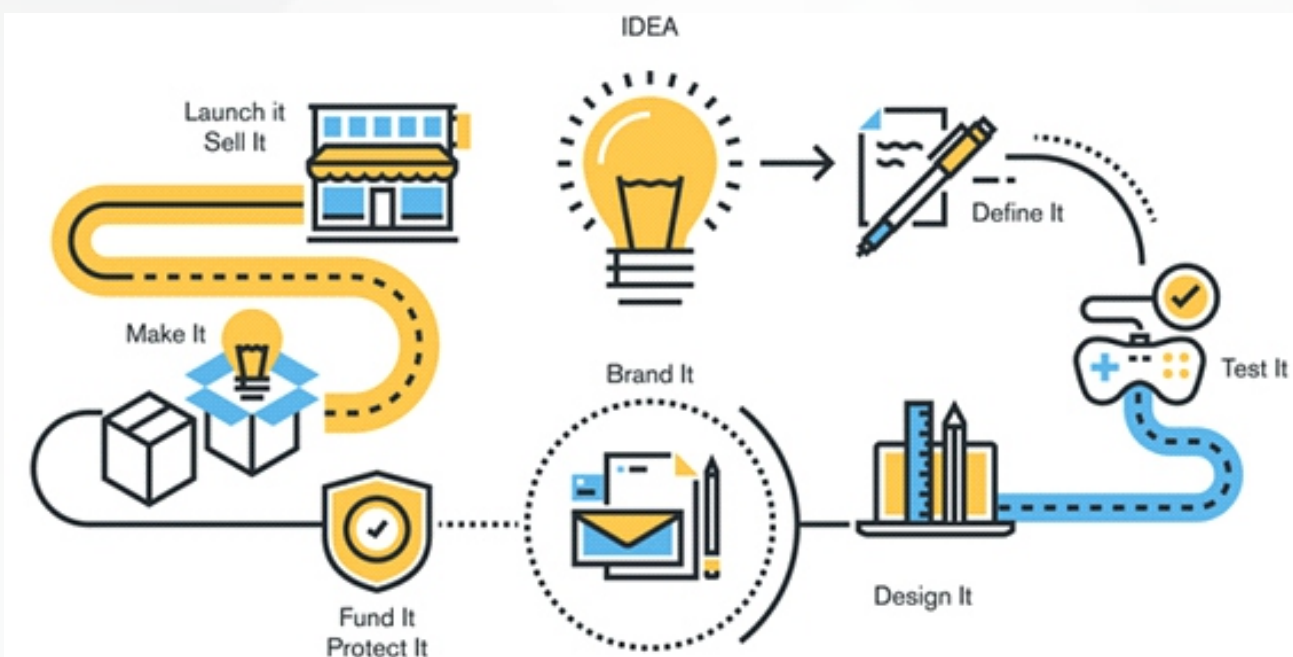
A year after founding Alibaba (2000), Jack Ma, the founder of Alibaba gave Judy Tong 0.2% shares, thus making her a partner and shareholder in the business. Jack was said to have done this to ensure her then receptionist, who was loyal and hard-working stayed in the company and does not switch her job.

The sensation in that story might have gone to the “grass to grace” sentiments of the receptionist, but as an entrepreneur you just have to learn from Jack Ma's willingness to let go full ownership of the business, a quality which won him dedicated people who helped to build the business. If that lady, Judy Tong remained an ordinary staff or consultant, she might have left at some point, taking with her all the skills and commitment she contributed to helping build the company into a global brand.



CONCLUSION

So finally, what are the timeless products out there that you should consider in a developing world? We may be able to think more broadly if we assess from an industry point of view by asking, what sectors of your economy can you remain relevant no matter the trend? Remember we mentioned technological trends and human trends, right? Of these two, I am of the opinion that technological trend is currently the more volatile and dynamic, meaning it can change anytime, although it is controlled by human beings. But the human trend usually is confined within the tolerance of nature.



Think agriculture, textile, food and beverage, and so on. These sectors represent basic human needs that can never be substituted, a change in trend would never mean loss of business, but may only require a reactive change in your process as a producer of the products or services in those sectors. As long as humans continue to need food, drinks and clothing, you will never run out of demands, but you must be willing to adapt to emerging dynamics of making them available and acceptable to your consumers.

Essentially, you have to think digital services or at least, think digitalization in every product or service delivery. My best advice, however is; there are opportunities in every sector, you just have to find out what comes naturally to you. It is also very important to continue seeking information about happenings around your business. So, keep learning.

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