

# **HOW TO REDUCE THE RISK OF WASTING TIME AND MONEY IN PRODUCT DEVELOPMENT**

## **5** **ULTIMATE STEPS**



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# Danger Zone: Skipping Crucial Early Stages

Too often, product ideas rush through or entirely skip the crucial early stages of development, jumping straight into, "How can we build it?"

**This common mistake can lead to costly setbacks.**

In my decade of experience in product development, I've seen this happen repeatedly. With the typical engineer's mindset of "We know better than our customers" and "We'll build the best we can" I've witnessed many over-featured products that ultimately failed in the market.

## What is the RIGHT Product?

The right product aligns with your company's goals and entices customers to make the switch.

The early stage of product development is vital because it allows us to validate whether our product idea meets our company's and customers' needs. This validation process is critical to making informed decisions and ensuring market success.



Investing time and effort into finding and validating the right idea can save you significant time, money, and effort in later stages. It also helps you reduce the time it takes to bring your product to market.

I hope the following 5 tips help you create better products.

Best Regards

Florian



*Yep. That's me!*



1

# Define business outcome

## Why?

### New products and services need to add value

For a product or service to be meaningful, it must support your business needs. If it doesn't, the sponsors won't see its value.

## How?

To ensure your product aligns with business goals, ask your decision-makers what specific business outcomes your solution should support. Consider these questions:

- ➔ **Why** do we want to innovate?
- ➔ **What** are we looking for?
- ➔ **Who** is the target group?
- ➔ **Where** and **when** it should be launched?
- ➔ What are the **success criteria**?

## Pitfalls

Beware of sponsors framing their solution as the outcome. Keep them focused on identifying business needs rather than prematurely solving them.



## 2

# Understand your customer

## Why?

**Customers are the lifeblood of your company.**

To succeed, you need to help them make progress in their functional, social, and emotional jobs. Understanding their needs and what drives them to switch from their current solution to a new one is key to creating a successful product and business case.

## How?

Engage with your customers and truly listen to them. Apply the Pareto principle: talk 20% of the time and listen 80%. Focus on understanding:

- ➔ Their jobs and associated pains and gains
- ➔ Constraints holding them back
- ➔ Factors pushing them away from their current solution

## Pitfalls

Avoid discussing your own ideas and solutions too soon. Instead, concentrate on understanding the underlying jobs and current pains your customers face.





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## C reate the unique value proposition

### Why?

**A strong value proposition matters.**

It is a promise of value to be delivered and the primary reason customers should buy from you. To create a compelling value proposition, you need to understand your target customer's pains and gains and how your product addresses them.

### How?

Craft a clear, concise statement that articulates your product's benefits. Be specific about what customers can expect to gain, and be honest about any remaining pains. Using the value proposition canvas can help with this process.

### Pitfalls

Avoid making your product features too generic or trying to address all pains and gains with one product.



# S pecify assumptions for success

## 4

### Why?

#### **A strong value proposition matters.**

Before taking any action, it's essential to identify and define your assumptions for success. These are the factors you believe will contribute to your product's success. Once you understand your assumptions, run experiments to test their validity.

### How?

Examine your value proposition and define the assumptions that must be true for your product to help customers. Consider your costs, prices, competition, market potential, etc. Identify the assumptions behind these factors and specify them. Assess how much proof you have and test the likelihood of these assumptions. Define a hypothesis and start validating it. Books like "Prototyping" and "Testing Business Ideas" offer excellent examples.

### Pitfalls

You define vague assumptions or untestable hypotheses. You overestimate the proof you have. Your experiment design is unsuitable for the specific purpose.



5

## **D**efine a minimum goal for success

### **Why?**

**A strong value proposition matters.**

For this you need answers to two key questions: How much will we gain, and what are the costs? However, in the face of uncertainty, predicting these accurately is challenging. Instead, defining a probability of success provides transparency about uncertainty and clarity about what's needed for success.

### **How?**

Start by assigning a 10% probability of success to unproven factors, increasing by 10% for each proven hypothesis. Alternatively, seek expert input for a more detailed simulation using input variables and your certainty levels.

### **Pitfalls**

Being overly optimistic with numbers and underestimating the strength of your data's proof.

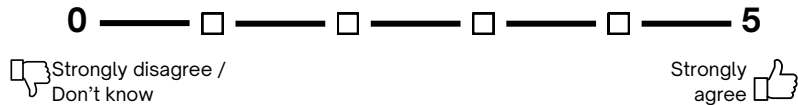
# Product Development Readiness Checklist



Use this checklist to determine if an idea is ready for development.

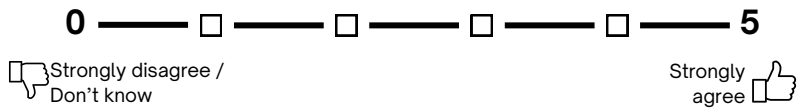
## Strategic Relevance

The product idea aligns clearly with our long-term company strategy and goals.



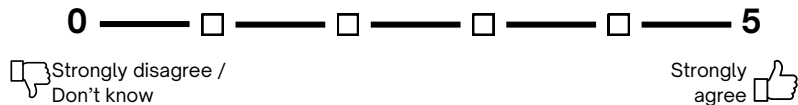
## Goal Clarity

There are clear and mutually agreed quantifiable expectations and conditions for the product idea.



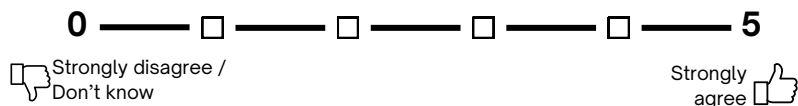
## Management Support

The product idea has the full, long-term support of at least one key decision-maker.



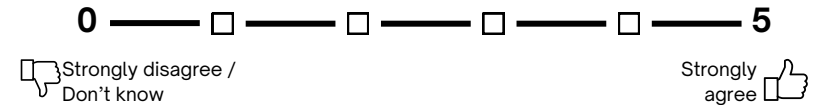
## Customer Pain Points

There is clear evidence that our product idea addresses a critical problem or urgent need of our target customers (e.g., interview insights).



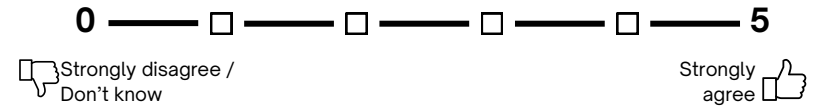
## Market Relevance

There is solid evidence that customers would switch to this product (e.g., Letters of Intent, pre-orders).



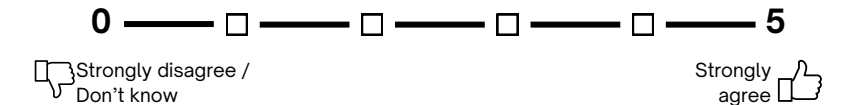
## Business Model Clarity

Our business model for this product is clear and robust, with all relevant assumptions that could lead to failure identified and tested.



## Prioritization

We have the necessary resources and capabilities internally, or we are willing to acquire them externally.



## Summary

What is the overall assessment?



Continue to refine, test, and validate the product idea as necessary.



The product idea is ready for development.



Support for Structured Idea Generation, Evaluation, and Customer Insights



Hi, I'm **Florian**. I specialize in assisting medium-sized production companies during the early stages of product development, focusing on three key questions:

### **Idea Validation**

How can we find, structure, and validate the best ideas, including the business model, objectively and systematically?

### **Customer Validation**

What are the critical customer needs, and how does our value proposition address them?

### **Market Validation**

What new applications and markets exist for our technology, and how can we evaluate and prioritize them efficiently without extensive market research?

I facilitate on-site and virtual workshops and sprints with teams of 3-8 employees. Within 2-12 weeks, depending on the topic, we deliver clear, actionable recommendations for further implementation.

**Ready to transform your product development process?  
Let's collaborate and unleash your company's potential!**

Book a  
discovery call



#### **FLORIAN HAMEISTER**

Diploma in engineering & economics  
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*Yep. That's me!*