

The Grocer

It's Time to End the Waste With NPD

From Jonathan Smith, MD, Axis Management Consulting

Sir,

It is time for a major change in the way the food industry approaches new product development for the multiples.

The current situation is madness. We have food suppliers' margins being squeezed like never before and an unrelenting search for supply chain cost improvements. And yet we have countless millions of pounds being wasted on failed new product launches.

So much of this waste is avoidable. People talk about eight out of 10 new product launches failing as if this is something inevitable, like a law of nature. It is nothing of the sort. Too few projects are rigorously evaluated and screened before they get under way. Numerous new products are launched having never seen a consumer before the day they hit the shelves. At times, NPD is done willy nilly, almost for its own sake. And many businesses do not go about learning lessons in a systematic way.

It's no wonder that failure rates are so high. This has to change. The food industry can no longer afford to squander resources in this way.

There is much that individual suppliers can do to get a grip on this problem. The prize for doing so is great and the solutions are far from being rocket science. It's mainly a case of focusing intensively and consistently on applying basic good practice - a return to common sense. It's not an all-or-nothing thing: any significant reduction in the failure rate makes a really big difference to the bottom line.