

Speeding Time to Market, Increasing Time in Market & Maintaining Market Velocity

**Best Practices in Driving Top-Line Growth Through
Innovation & Collaboration**

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1 Introduction: The Need for Speed

“Speeding time to market” is a typical mantra for many industries, including Consumer Products/Foods, High-Tech, Automotive, and Pharmaceutical/Life Science manufacturers. These manufacturers have a strong focus on streamlining efficiencies to drive improved margins on their products—especially in a constrained economy—and are identifying ways to expedite bringing new products to market. However, this mantra needs some additional consideration. In addition to speeding time to market, significant top-line growth and incremental product margin can be driven through a focus on **increasing** time in market, by maximizing the return on sales and marketing investments, speeding the processes that support product “uptake” (i.e. driving demand) and by collaborating and leveraging partnerships to speed demand fulfillment.

This paper highlights key imperatives for manufacturers today and offers insight into enabling tactics, processes and technologies that can substantially drive revenue lift and sustained market velocity. The reader will be focused on three primary profit drivers and their critical imperatives to substantially impact top-line growth:

Speeding Time to Market,
Increasing Time in Market and
Maintaining Market Velocity

Each of these profit drivers has the ability to significantly improve company earnings. Addressed collectively and when enabled through process and technology innovation, they have the holistic effect of significantly speeding time to profits and driving substantial earning improvements. For example, one organization was able to realize a seven-fold reduction in cycle time for producing specific products by leveraging process and technology improvements to expedite product specifications, packaging configurations and distribution.

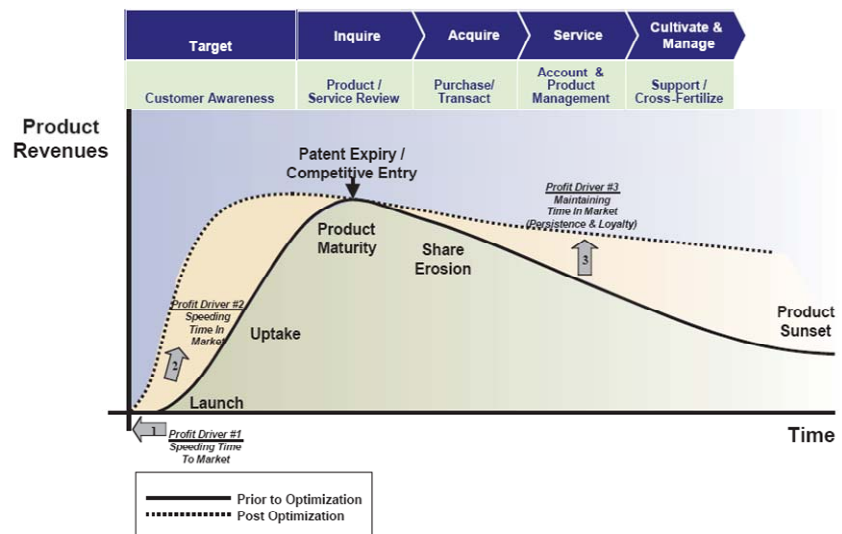
Our solution also drove over \$6MM in immediate cost reductions, yielding an ROI on the program greater than 5:1 within the first 18 months of deployment. The remainder of this paper briefly describes each of these profit drivers, offers tangible evidence of their success, and provides a step-by-step approach to enable an organization to optimize top-line growth (revenue velocity) as well as bottom-line improvement (earnings velocity).

2 Fundamentals of Product Launch & Product Life Cycle Management

To best frame this discussion, this research begins with the consideration of a typical Product Life Cycle curve (Exhibit 1). The vertical axis represents product revenues over the life of a product (or a family of related products), and the horizontal axis depicts time over the life of the product. We denote critical moments on the curve, such as launch, patent expiry, and product “sun setting.”

The first profit driver (Speeding Time to Market) assumes that an organization can find ways to optimize process efficiencies or leverage innovation to speed product development, and therefore bring a product to market in less time. This would shift the curve to the left, and drive incremental benefits such as first market/mover advantage, capture of initial market penetration, establish brand credibility, and possibly provide a “favored nation” status depending upon the product or service being offered.

Exhibit 1: Customer-Centric Product Value Chain



Pharmaceutical clients, where “compliance and persistence” has a very different meaning, sustaining market velocity is critical to minimize the impact of patent expiry. In considering all three profit drivers simultaneously, the Product Life Cycle becomes substantially enhanced, driving more profits to the organization sooner, and maintaining product usage and persistence for a much longer period of time.

The dashed line above denotes a theoretical improvement to the revenue stream (and to overall profitability) as a result of each crucial driver. If these three drivers can be even slightly influenced, the overall impact can significantly increase product revenues and margins over the life of the product.

We highly recommend that organizations challenge themselves on their effectiveness in managing their product portfolios. One way to “sanity check” effectiveness is to overlay an organization’s customer-centric product value chain onto the product life cycle curve.

Just a few critical questions that may arise include:

- How is our organization managing the customer relationship throughout the product life cycle?
- Are we effective in managing each customer “touch point”?
- Are we able to predict the causal factors that force a customer from one “buying” state to the next?
- Do we have effective plans, processes, innovations in place to predict and/or influence a customer’s behavior at any given state, in any given channel?
- Do our current processes and technology infrastructures support responsiveness to dynamic changes in customer behaviors? Dynamic changes in competitive pricing? Support proactive interventions?

Let’s look at three examples where some best-of-breed organizations are leveraging process and technology innovation to drive significant improvements in profitability and sustained market velocity:

