Workshop on Design and Development of Web-Based Products and Services

January 2016 Wharton San Francisco

(OIDD 652 – Spring 2016)

Professor Karl Ulrich Jin-Ah Lee (TA)

Slides for Monday Topics:

Product development processes Innovation tournaments Opportunity Identification Mission statements Identifying customer needs Developing product concepts







***SMATCHY**



Entrepreneurship & Innovation Course Portfolio

MGMT 731 – Technology Strategy (652 reinforces: what is innovation, needs-pull)

OIDD 614 – Innovation (652 reinforces *tournaments*, *prototypes*)

OIDD 654 – Product Design and Development (652 reinforces *VIDE*, *needs*)

OIDD 652 – Design of Web-Based Products and Services

innovation

A new match between a solution and a need.



Value Creation in Innovation

1. Is the need real?



2. Does the solution meet the need?



3. Is the "customer" willing to pay more for the solution than it costs to deliver it?



candidate.com

- Match voters and candidates on multiple issues
- Rank according to preferred solutions and level of importance



Josh Woodford - Candidate.com

candidate.com

Problem: Voters struggle to determine which candidates most closely align with their positions and values without spending significant time in the process

Opportunity: Significantly decrease the amount of time required to learn about candidate's posistions

Customer Needs:

- Candidate positions on important issues

- Matching tool to streamline candidate selection

- Basic biographical data on each candidate
- Graphical presentation
- User friendly interface

candidate.com

<u>Concept</u>

- Match voters and candidates on multiple issues
- Rank according to preferred solutions and level of importance
- Display in interactive graphical format



Josh Woodford and Evan McMullin – OPIM 654

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DISCOVER

It's time to take the guess work out of voting. Answer the questions about the issues that matter the most to you and we'll match you with the candidates that share your values. The more questions you answer the more accurate we can be.

SHARE

You already know a lot about issues and candidates you care about. We invite you to ask a question, take a stand, share your knowledge, and help fellow voters make their best elections decisions (they'll do the same for you).

VOTE WELL

Not only do we guide you to the candidates who are best for you, we also remind you about major elections dates and deadlines. So you never miss another election, and you can always vote your values all the way down your ballot.

ElectNext

Politicians

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Get Started

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YOUR ORGANIZATION

YOUR PRIMARY PHONE

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Things looking a little different around here? Read about our success with candidate matching in 2012 and <u>what's new at ElectNext</u>.

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Top Rated Vendors

Molding / Extrusion

Machining / Metal Working

1. Medbio



★ ★ ★ ★ ★ 21 Reviews

SS I've been working with Medbio, specifically around their assembly and injection molding process for many of our products. I'm very impressed by their dedication to high quality work and attention ...

Testing Services

BIOMEDevice San Jose Vendor List

Miss the December 2014 BIOMEDevice San Jose trade show or want to review the companies you met there? VendOp has a customizable list of the vendors that were there complete with ratings.



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Model of Success in Innovation

("VIDE" model)

Value = fn(Idea x Development x Exogeneous Factors)

Success can be thought of as the result of the conjunction of idea quality, the development process, and the exogenous environmental factors.

Sow's Ear Hypothesis: you can't turn a sow's ear into a silk purse...the idea is critical.

Midas Hypothesis: the right team, process, and resources can turn any idea into gold.

The Vegas hypothesis?

Source: Kornish, Laura J. and Ulrich, Karl T., The Importance of the Raw Idea in Innovation: Testing the Sow's Ear Hypothesis, to appear *Journal of Marketing Research*, Available at SSRN: http://ssrn.com/abstract=2035643

Data from Darwinator for 2009 Workshop (using normalized/standardized scores, i.e. Z-score)



Expected Quality of Best Idea as Function of Number of Ideas





Number of Ideas Generated, N

Source: Laura J. Kornish and Karl T. Ulrich. 2011. Opportunity Spaces in Innovation: Empirical Analysis of Large Samples of Ideas. *Management Science*. Vol. 57, No. 1.



Development Process - Web-Based Products and Services



Early Prototypes are Associated with High Product Quality (in High-Uncertainty Environments)



Plots created from data from research by Alan MacCormack.

Surowiecki's (*Wisdom of Crowds*) Principles applied to Multi-Voting (e.g., "sticker voting")

- Large sample.
- Independent evaluations.
 - Use "shopping period" then simultaneous voting
- Mechanism for collecting and aggregating results.

More Principles

- Average # votes (e.g., stickers) per item should be 5 to 10.
- Top-level question/criterion clearly thought out and clearly articulated
- Best for narrowing dozens or hundreds of options down to a few options

Concept Development (Needs + Concept)



MOVING PEOPLE

THE UBER APP CONNECTS YOU WITH A DRIVER AT THE TAP OF A BUTTON

SIGN UP FOR UBER



IRAN

ABOUT

(2/4) "We didn't really have any struggles. We had all the newest things: color television, Atari, those big ass cellphones. My dad had a limousine service that drove us to school. And we always went to private Catholic schools. I'd come back wearing my uniform and all my friends would make fun of me. I even had a horse on Long Island named Apples. Each of my siblings had a horse. Mine liked apples so I named him fucking Apples. That was our life. But then one day my parents decided to go legit. I was seventeen or eighteen at the time. They sat us down one Saturday afternoon at the big glass table in the living room. You know how Caucasian people do Sunday dinner? No disrespect, but that was Saturday afternoon for us. They sat us down and told us they were stopping everything. And they did. No more drinking, no more drugging. They sold all the businesses. Both of them worked regular jobs for the next 25 years. My dad became a train driver and my mom became a drug counselor. They told us they wanted to set an example for us. They told us they didn't want us getting involved in drugs. But that was all we'd ever known."



PHOTOGRAPHER

ARCHIVE

(¼) "My parents were big in the hustling game. It wasn't like it is now. Now it's a bunch of kids on the corner trying to get sneakers. In the early eighties it was a group of older dudes— just some local cats who got together and decided: 'This is how we're going to eat.' Nobody was coming to our house to buy a dime bag. Everyone who came over was buying weight. Those were the people who



"I identify as being queer. I also identify as being a social worker, a metal head, a goth, sort of a pagan, and maybe a witch. But I think that I most strongly identify as being a nerd. Nerds have the least amount of rules. For the most part, they don't care about any of that other stuff. They're just excited about the things that they're excited about and they're happy to share it with you."



PREORDER NOW!



Kano Diagram – Four Types of Needs



Example Needs List

The music player...

plays music I like.

adapts to my preferences. adapts to my mood. learns from my actions.

keeps the music fresh.

introduces me to new music.
 plays music in random sequence.

"critical few" needs (N ~ 5)

let's me learn about the music.

let's me know what other people think of the music. teaches me about the song, artist, label, and/or genre.

* lets me control the music.

allows me to specify a desired mood. allows me to listen to specific songs. allows me to listen to specific artists. allows me to listen to specific genres. lets me skip songs I don't want to listen to. lets me designate music that should never be played. lets me reduce frequency of play of a song. lets me increase frequency of play of a song. allows me to predetermine a sequence of songs. lets me easily find and play music I have enjoyed previously.

plays video content associated with music.

"latent" needs (N ~ 1-3)

Notes:

- usually 30-50 distinct needs.
- clustered according to similarity of need expressed.
- cluster headings called "primary needs"
- maintain original "voice of customer" as much as possible.

is available anywhere.

provides audio via conventional speakers. provides audio via headphones. provides audio in car. can be used while exercising. integrates with my existing hardware and software. goes mobile without a tether.

accesses my entire music collection. provides access to specific music forever.

maintains my privacy.

is affordable.

is inexpensive to acquire. is inexpensive to use.

* just works.

plays music at high fidelity.

lets me share music with others. lets me learn about music from others.

plays voice/narrative.

allows speed of play to be adjusted. lets me access voice content easily.

Detailed method:

K.T. Ulrich and S.D. Eppinger *Product Design and Development* 6th Edition, Irwin/McGraw-Hill, 2016

Identifying Customer Needs

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- 1. Gather raw data from customers.
 - Open-ended dialogue.
 - What issues do you consider when choosing/buying?
 - What products/services do you use now?
 - Show us how you use the product/service.
 - What do you like/dislike about existing product/service?
 - Observation of customer in the "use environment."
- 2. Interpret the raw data in terms of customer needs.
 - Don't lose specificity; preserve voice where possible.
 - Think carefully about the underlying need being expressed.
- 3. Organize the needs into a hierarchy of primary, secondary, and (if necessary) tertiary needs.
- 4. Establish the relative importance of the needs.
 - The "critical few."
 - "Latent" needs.

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Dct-SF	18 ✓ In the Mirror	3:02 Rachel Fuller	Cigarettes & House	Vocal	84		
rockin'	19 ✓ Live and Learn	4:16 The Cardigans	Long Gone Before	Alternative ***	★ 77		
⇒ shows	20 ✓ Oh Very Young	2:37 Cat Stevens	Buddha and the C	Rock	77		
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	23 V Baby Don't Go	3:21 Karla Bonoff	Restless Nights	HOCK	74		
	24 What it is	4:58 Mark Knopfler	Salling to Philadelp	HOCK	73		
	25 V The Long Way Around	4:33 Dixie Chicks	Taking the Long Way	Country ***	** 72		
	20 V Free	3:33 Cat Power	You Are Free	Alternative TT	63		
	27 V Benzedrine	3:00 Thea Gilmore	Rules for Jokers	HOCK	62		
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Classic and Contemporary

Georgian violinist Lisa Batiashvili, who performs Shostakovich's first violin concerto this week, has become a regular at the Philharmonic recently, having soloed with the orchestra each season since Alan Gilbert became music director

Morrissey Writing a Novel, Working On New Album

The former Smiths frontman will follow his successful "Autobiography" with a novel, saying he favors the written platform over the music industry.





03:51

Counting Stars 04:42





Elements of the "Concept" for Web-Based Products and Services

- Core functionality (e.g., retail goods, provide credit scores, index information...)
- Platform (e.g., desktop, mobile, pure web vs. download)
- Delivery means (e.g., widget, rss feed, email, dedicated web page, app)
- Central use metaphor (e.g., search, radio station, desktop, newspaper, card deck)
- Key modes and features (e.g., "ratings mode" and "recommend mode")
- Unique "hook" (e.g., "music genome" project)
- Key benefits (e.g., "no late fees")
- Key features of business model (e.g., subscription, commission, advertising, referrals, fee for transaction)

Heuristics for Generating Concepts

- Decomposition based on functionality
 - What are the functional elements of the product/service (e.g., "create play list")? How would you solve just this sub-problem?
- Decomposition based on user needs
 - Focus on just one need (one of critical few or one of latent needs). What would concept be that delivered just on that need? (e.g., "adapts to my tastes")
- Decomposition based on process flow
 - What process does the user go through in experiencing the product or service? What are the different ways to deliver this experience. (e.g., find, learn more, buy).
- Analogous sites
 - "Pandora for cars"
 - "Kayak for recipes"
- Simplest possible solution
- Individual and team "brainstorming" sessions
- Numerical targets
- Mix and match elements
- Feedback on quick prototype/mock-up
- How would Google do it? How would Apple do it?