Start with the problem

Building ideation energy in your team

INTRODUCTION

How should product managers approach new ideas? This sounds like a really simple question. But making a wrong decision could cost dearly; we try to take products to market that just don't fit, or simply don't add enough value to our business. In this paper, we're going to look at a simple way to test new product concepts before they turn in to product clunkers!

IDEAS ARE GOOD, RIGHT?

In MasterCard we generate huge numbers of ideas; new products, new initiatives, new features, new markets. We're a creative bunch!

Let's think about those ideas; some will be game changing and open new opportunities for us (Think of Master Pass or Apple Pay), some will be table-stakes; things we need to do to remain relevant. But some will be just plain bad ideas; overlapping with current products, offering limited customer value, or simply too small an opportunity to be relevant to us. And even if every single idea was great, we haven't got the capacity to define, deliver, sell and support them all. So we have to pick winners; the ideas that show most likelihood of being able drive our business forward.
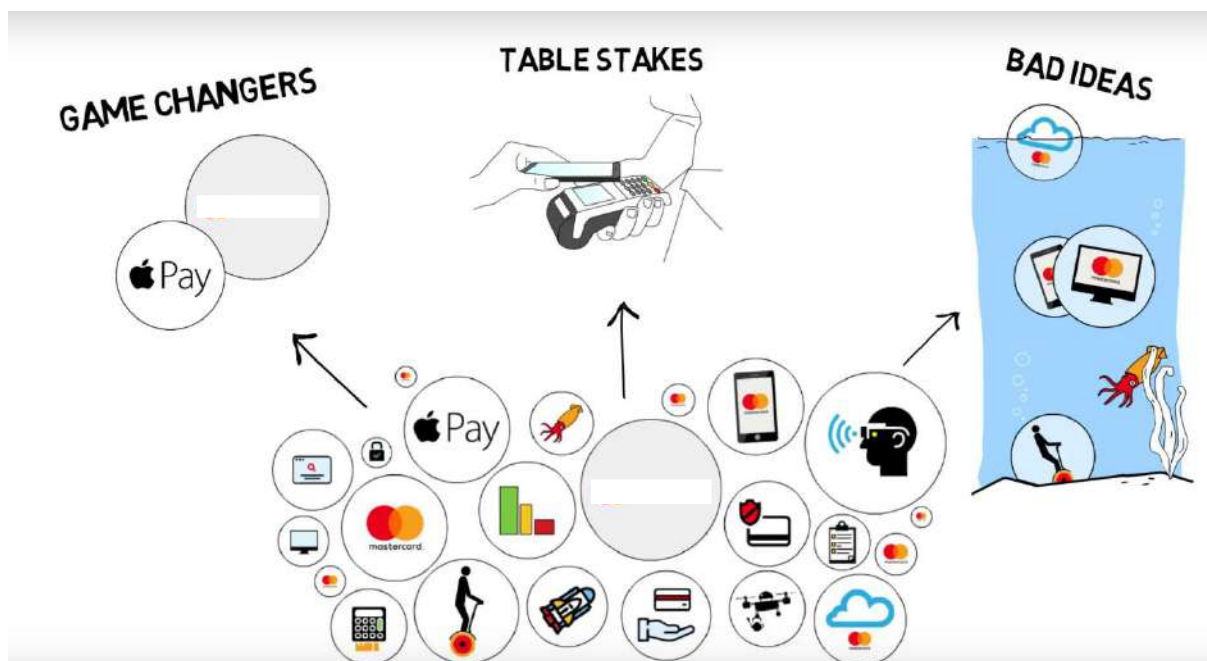
PICKING WINNING IDEAS

So how do we do manage all of these ideas? The best way to think about it is that Product Management acts like a filter – all new ideas land with us and before too much effort is expended, we assess each idea to work out whether it's a good commercial fit.

In some organisations, this filtering process is severe – as many as 80% of new ideas fail at this first gate. That may sound like a high number, but think of it like this; are we better as a team trying to deliver on many ideas poorly, or are we better focusing our efforts on delivering a smaller number of high value ideas incredibly well?
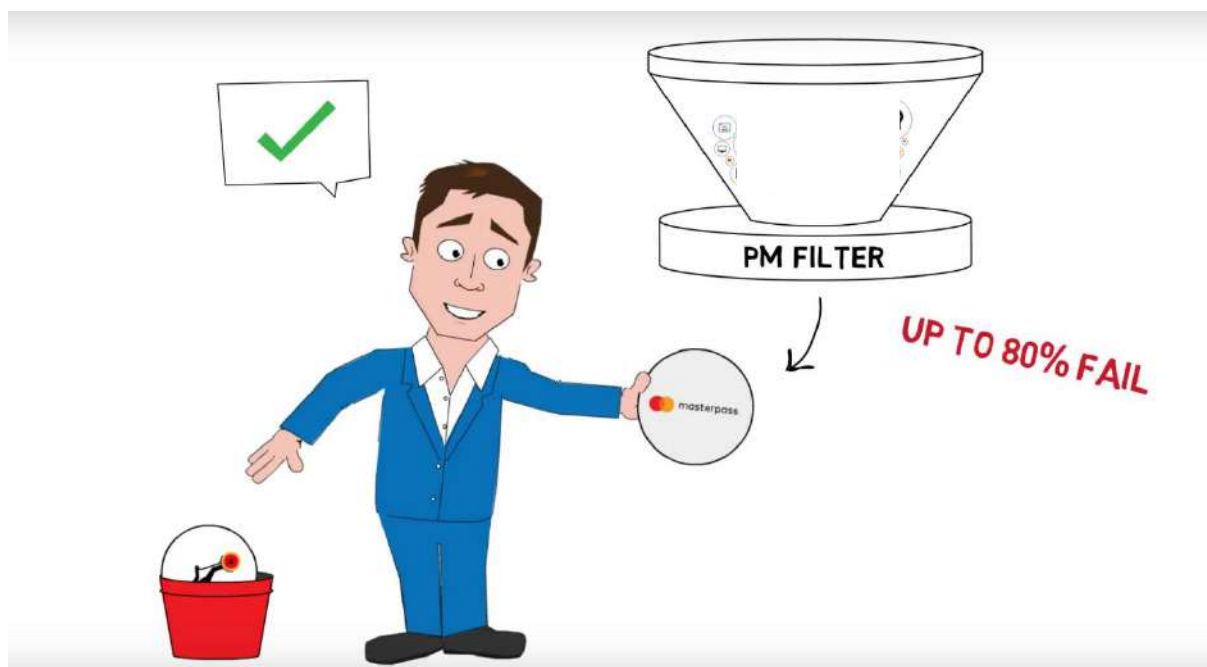
THE FILTER QUESTIONS

At the heart of great concept assessment is a set of commercially relevant questions that help us understand the risks and rewards associated with an idea.

Think about like this; if you were presented with a new product idea right now and were asked if you'd spend $10,000 of your own money developing it, what questions would you ask?

You might start with the obvious. "What is it?", "What problem does it solve?", "Who it is solving that problem for?", "How is it being solved today?".

Let's pause for a moment on those four questions. They're powerful. Think of products that have failed – the reason for their failure will at least in part sit within those questions.

These questions are also great to push back out to idea originators. It helps you test their thinking before the idea gathers momentum and becomes yet another product for you to deliver.
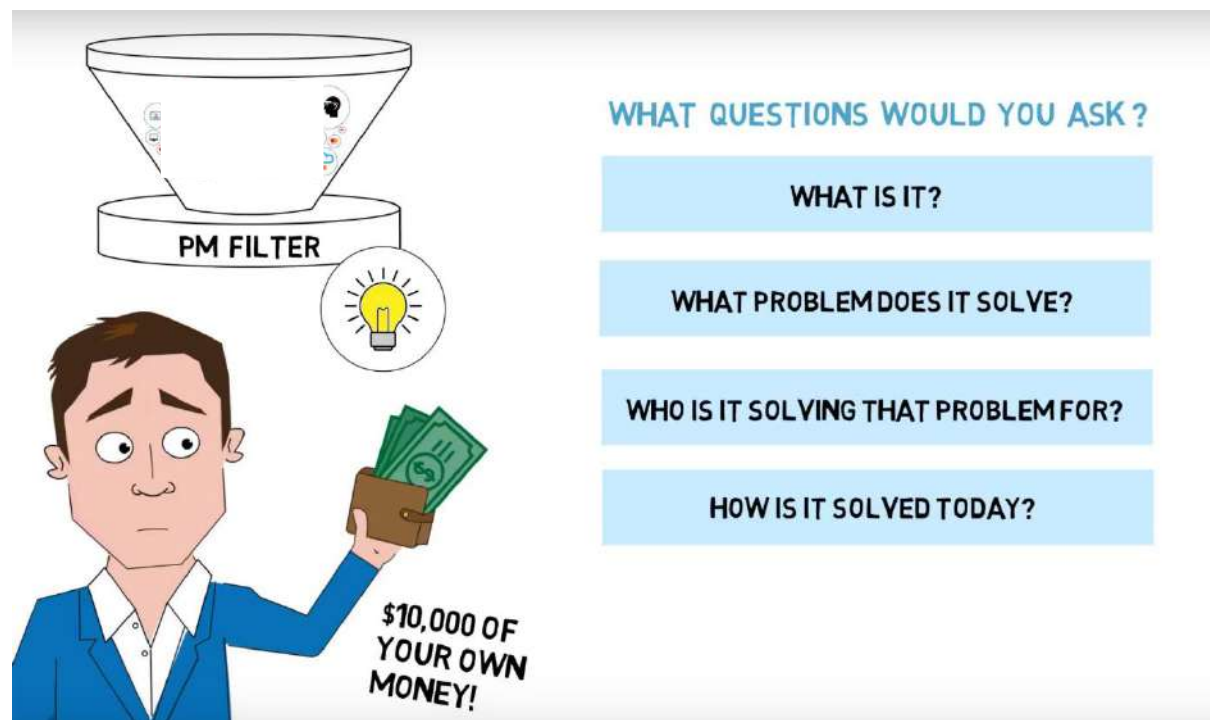
Now let's now drop into some deeper questions:

- "Is the market growing" This helps us reflect on whether the idea has potential over the longer term.

- "Who else competes and how are we different" Encourages to think about our unique selling points or USPs as soon as possible – if we get to market with no USP then price becomes the only differentiator.

- "What are the key risks?" Ensures we consider big picture issues – things regulation, timelines, and market acceptance.
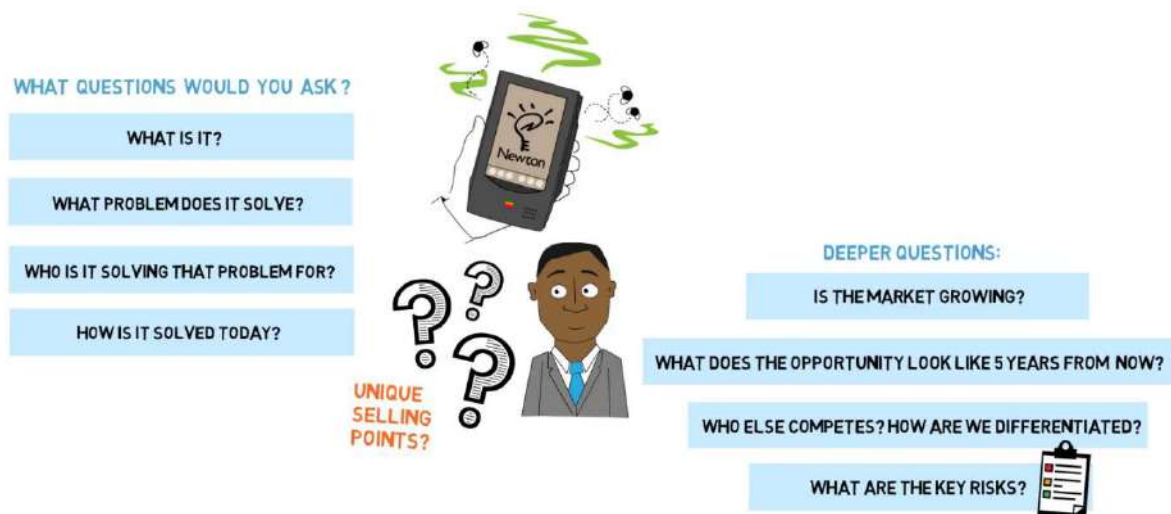
We might also filter ideas on business suitability: "Does this fit with our business model?" Breaking that down we might think about that question in three ways:
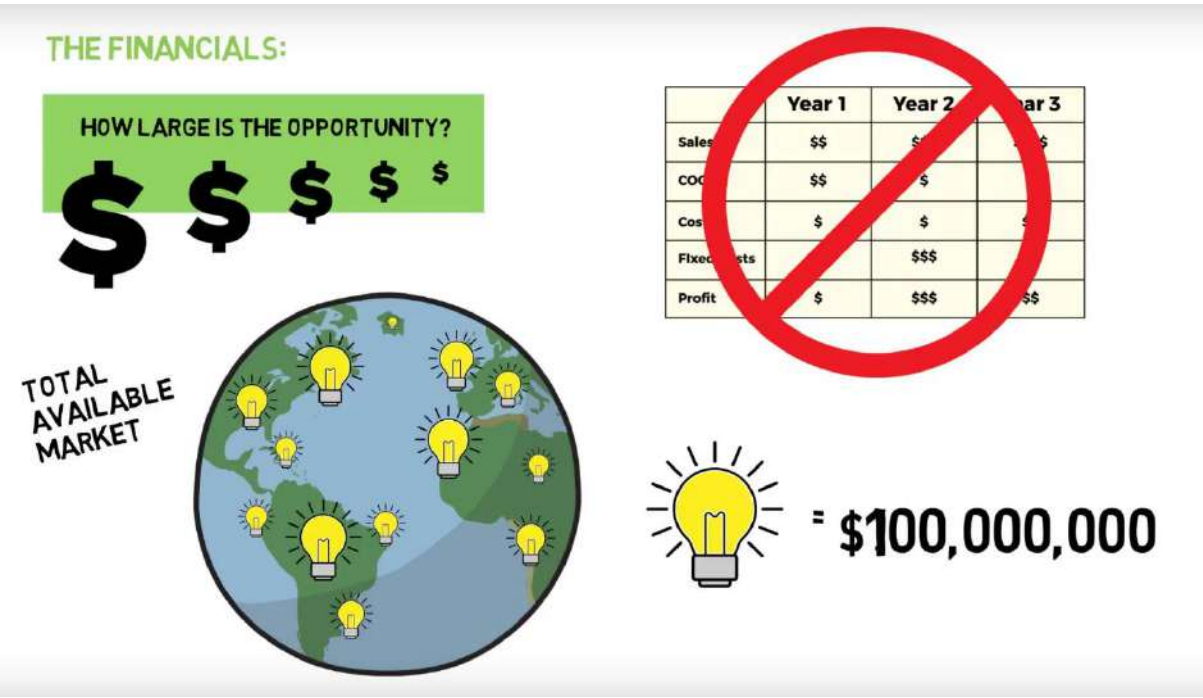
- Portfolio fit – Does it fit with the products and service we offer today? Does it overlap and risk cannibalising sales from the existing offer or does it sit so distant that it makes no sense in the portfolio?
- Price or channel fit – Does it fit within the price bands our channel sell at? A team selling multi-million dollar solutions are unlikely to have desire to sell a product at a low price point. Conversely, a business selling $100 products online is unlikely to find success with a $50,000 product through the same channel
- Strategy fit – Does it fit with the strategic direction of the business?

Finally, we want to ask something about the financials. It's tempting to go straight to a three-year revenue model, but this is way too detailed at this stage. A better question is "How big is the opportunity?" In product management speak we think of this as the Total Available Market – a quick metric to measure product potential by estimating the size of the market with no competition. A count of how much you could theoretically sell if everyone chose your solution.

It's a great number to know because it acts as a backstop – if the Total Available Market is $100m, then no matter what you do you won't sell $110m.

SUMMARY

So there we have it; Ten questions we rigorously apply to all new ideas to check if they're worth more time and more effort.

1. WHAT IS IT?
2. WHAT PROBLEM DOES IT SOLVE?
3. WHO DOES IT SOLVE THE PROBLEM FOR?
4. HOW IS THE PROBLEM BEING SOLVED TODAY?
5. DOES IT FIT WITH OUR BUSINESS MODEL?
6. IS IT A GROWING MARKET?
7. WHAT DOES THE OPPORTUNITY LOOK LIKE FIVE YEARS FROM NOW?
8. WHO ELSE COMPETES IN THIS MARKET AND HOW ARE WE DIFFERENT?
9. WHAT ARE THE KEY RISKS?
10. HOW LARGE IS THE OPPORTUNITY?