# The Industry-Changing Approach to Product Development

How to use an incubator setup to create a brand-new offering from scratch

John Bardawill || April 28, 2015

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Does your company treat new product development in a business-as-usual manner? Does a potential new product get limited resources and the divided attention of team members drawn from a cross-section of the organization? If it's a product improvement or an enhancement, this approach often works.

But what if you're developing a real industry game-changer? Successfully creating a brand new product from scratch often requires a new approach: a project team separated from the main organization that uses an incubator approach. Working on a new product or service outside the organization's existing infrastructure, processes and culture allows it to develop and grow through the early, difficult and vulnerable stages.
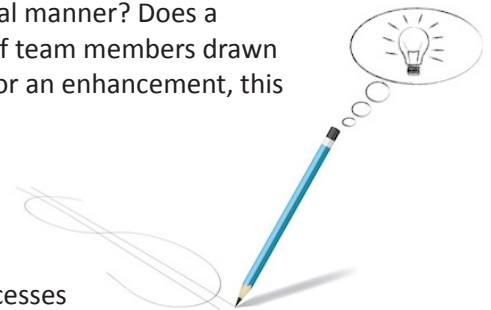
I've worked on a number of new product development projects and incubator-style jobs that led to the launch of ground-breaking new services. The incubator projects that worked best followed a few simple rules.

Assemble a team uniquely focused on the outcome

Incubators need to have a dedicated team of employees whose sole task is to ensure the project's success. This structure keeps the team focused on the project goals, drives personal accountability and minimizes distractions.

An incubator team is often a mix of internal employees who have an understanding of the larger company's capabilities and newly hired employees who are ignorant of any limitations. Together, they learn rapidly what it will take to make the project successful.

One of the most critical characteristics of a good incubator team is its desire to succeed. In new product development there are always seemingly insurmountable problems that develop, many of which can legitimately stop a project. In some cases, I've seen teams hold 'pizza and beer' meetings on a weekend to talk through solutions to these difficult problems. These small rituals served to strengthen the team's resolve and foster a belief that no problem was unsolvable.

Insulate the incubator and provide dedicated resources

Your incubator team should initially have few links to the rest of the organization. It should have a separate leader, who reports directly to CEO, and a separate budget that can be spent as needed so long as the CEO is kept informed. During the post-launch stage, some incubators are even given a dedicated IT department, field services, call center, marketing department and sales team.

Housing the incubator team in a separate building helps to put its members in a different headspace. It's a way of clearly signalling to them that they have the freedom to get the job done.

In one successful example of this model, the company's CEO was specific about not wanting them working the way employees in the core business did. The team had fewer reporting requirements, less paperwork, and fast access to additional resources. This kind of autonomy enabled the project to evolve quickly.

Recognize there will be fallout

Being the leader of an incubator is a high-risk role. The team lead bears tremendous responsibility for the outcome of the project. She also can't easily re-integrated into the organization when it's all over, not only because she went outside the fold and broke all the rules, but because her job is done.

It's also likely some of the things the team was doing actually interfered with core business operations. For example, an incubator might poach IT staff as its needs grew, or it might simply not follow proper IT guidelines.

Recognize that these differences will create conflicts, and put systems in place to manage them.

Plan for a bumpy re-entry

Eventually the new product developed in an incubator environment must be brought back into your company's normal business operations. The key benefit of this re-integration is scalability—the core business can continue to develop the product and grow it beyond the incubator stage.

But the isolation of the incubator can cause a disconnect when it comes to some aspects of re-integration. It might be necessary to bring in additional resources to overcome the unforeseen operational challenges that invariably arise when launching a new product or service.

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Using an incubator strategy to develop something outside the corporate structure can be a high-risk move, but sometimes the risk of not developing something revolutionary is even higher. And when you find yourself in that situation, it's time to start thinking differently.

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