



Breaking Down the Walls Between R&D and Marketing

By Beverly Emerson, President of Olive Tree Product Development

“It’s ready! Now you can go sell it!” exclaimed the vice president of research and development to a less-than-enthusiastic group of marketing executives. “What’s ready?” they asked each other, murmuring not so quietly. In the after-meeting privacy of their marketing offices, they asked, bewildered: “Who’s going to buy that? We are expected to sell how much?”

Those in business may also have been witness to the reverse of this exchange between a product manager and her counterpart in R&D at a monthly meeting: “We want to develop this product. It needs to meet the following five requirements with these three claims. Here is an example of the packaging we want. We can have samples ready to show at Expo, right? It’s four months away—that should give you plenty of time, right?”

I’ve been on both sides of these conversations. Whether it is a technology-driven culture, or a marketing-driven culture, these conversations happen around the world, and not only do they create divisiveness between individuals and departments, they ultimately cost corporations millions of dollars in failed sales, product re-dos and lost market-leadership opportunities. They are the

kind of dialogs that instead of creating teams, create walls between departments, where each round of exchanges lays another row of bricks on the wall, until at some point, the teams can’t even see each other, much less work together to create new, innovative products that in turn create loyal customers.

What steps can companies take toward reconciling differing points of view so that the end result is not only a well-conceived, well-received product that strengthens the overall brand, but also strengthens the corporate culture? It starts with seeing the world through each other’s eyes.

Marketing’s Viewpoint

Marketing’s job is to maximize sales and profit while simultaneously creating loyal consumers and satisfying owners, shareholders and investors. Marketing teams balance short-term profits against long-term growth, communicating these expectations down the line to division directors, product managers and food technologists alike.

Typically, product managers are responsible for the revenue of their assigned product line, and are focused on monthly, quarterly and annual numbers that need to be hit. Add to that the pressure to “innovate.” Their mindset is

often about the present: “If we wait too long, we will have missed the opportunity. What can we bring to market quickly that will really excite our customers?” There is enormous pressure by the executive team to do this thing called innovation, but many managers don’t know what this truly entails in terms of day-to-day details.

Often when marketers are pushed to innovate on a deadline, they are tempted to shortcut the development process; for example: “We can always come out with a ‘new and improved’ version.” While revisions can make absolute sense in some situations, first impressions happen just once—both for retailers and consumers. If the product doesn’t taste great, the tablets are too big, the cream leaves a sticky film on the skin or doesn’t “work” as expected, consumers are unlikely to be willing to give it a second chance down the road. The key then in successfully creating newer versions is to move into distribution slowly, learning as much as possible from customers and retailers at each step, and making adjustments before expanding.

R&D’s Viewpoint

Scientists and engineers are, by nature, conservative in the risks they are willing to take. They are hired to develop new

technologies, ingredients, delivery forms, packaging or processes that provide a company with not only a new product (or better yet, a platform for an array of products), but ones that create happy customers and are difficult for the competition to copy, thus increasing corporate value through intellectual property. This is a tall order and we know that by nature, not all of R&D's discoveries are pleasant or fast. Authentic breakthroughs require resources, both in people and budget. (However, large budgets don't guarantee innovation, as we see time and again in *Fortune* 100.)

Scientists seek to minimize the risk of market failure. This means they want to test things before introducing them into the market—shelf life studies to ensure that capsules don't leak, flavors don't fade or turn off, and crunchy textures remain so in the final packaging. Failure is built into the process, expecting to test prototypes, tweak the process and repeat, until stability is achieved. This also means that timelines are longer than marketing might like.

Reconciling the Differences

Now that you can see how divergent the R&D and marketing duties and goals are, here are four key factors that will help each side not only understand one another, but work in alignment to achieve the shared goal of product launch or reformulation.

- **Building Relationships.** One of the best things an organization can do is foster the relationships in the executive suite. R&D and marketing need to collaborate from the top all the way down the chain. Marketing has insight into consumer trends, competitive activity and market needs, while R&D has insight into the latest technologies and scientific research. If acting completely independently, either one will spend vast sums of time and dollars creating worthless products. Consider that a savvy marketing team member may also have something to contribute from a science and technology standpoint as science may be his or her personal passion; conversely, an R&D person may be particularly skilled at trend spotting—finding products or trends in outside categories that could be moved over into the relevant space. You never know what each may be able to contribute if they only meet once

projects have been initiated, or at monthly update meetings.

- **Portfolio Management.** Portfolio management is an important tool not only in balancing the overall business interests, but it is critical in balancing short-term profit initiatives with longer-term growth initiatives. It is allocating human resources so that the existing product portfolio can be promoted and improved, as well as new products envisioned and developed. The result is that marketing is satisfied because it has sufficient resources to promote existing products to meet short-term sales goals, and R&D is satisfied because there are sufficient resources built in to ensure that products are not rushed to market without pre-market testing. In some cases, it means new ways of measuring success and allocating resources so that both short-term interests and long-term growth targets are met.

- **Risk Assessment.** Projects need to be managed at an executive level, where management can consistently assess a project's progress and determine when sufficient testing of concepts and bench-top prototypes have been done to move forward into commercial development. That same executive needs to monitor the risks and rewards of completing shelf-life testing, shipping testing and flavor evaluation. For example, vitamin levels can deteriorate over time, so overages need to be built into the formula, and actual levels tested at the end of shelf life. Another example is formulas that contain high levels of omega-3 ingredients which run the risk of fishy notes developing over time. Knowing how and when accelerated testing can be done, and determining what the company is willing to learn "on the fly," is an important part of managing marketing's need to get the product launched, with R&D's desire to make sure all technical details are buttoned up.

- **Creation of Innovation Teams.** Developing new products, new processes and new business models can't be shoved into the margins around day-to-day operations and expected to be successful. Investigating opportunities, understanding the target consumer, creating concepts, developing and testing prototypes all must be built into the culture of the company—and supported at all levels, from financial to administrative. When these teams are built with

members across the organization, walls begin to naturally crumble between formerly isolated departments, and scientists, engineers and marketers can focus on finding and fleshing out new opportunities when it's not at the expense of supporting current customer demands. Marketing, sales and R&D, along with operations and finance, begin to think and behave like a team with common goals, who are going to be evaluated on similar criteria, not like individuals trying to work together—each working toward goals that are consistently at odds with each other.

Conclusion

Product development is a constantly evolving process and when it works the way it should, it is a sustainable process. Giving consumers what they want (whether they know it yet or not) involves seamless, enthusiastic and dedicated professional interaction between individuals across many departments. Working in an "open plan house," instead of in isolated rooms allows the team to truly mesh.

The supplement-consuming public wants effective, trustworthy products that they can rely on to achieve their specific health goals, and it also responds heavily to how those products are marketed. When R&D and marketing work together for a common goal and with shared values, vision and mutual respect from the ground up, they significantly decrease the risk of product failure. **NIE**

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