A New Product Line May Help Grow Your Company

Last week a few of us SCORE mentors were at a state gathering in one of the states that I cover for SCORE and we were listening to a group of small businesses CEOs (all SCORE clients) that were discussing various strategies to growing their business. One of these successful clients came up with the idea of adding or creating a new product line as a method of growing her business.

I shared that I had recently gotten some great ideas about this from David Schwartz, Founder and President of a company called The Water Scrooge. He shared his experience and then gave some super advice.

David related “When my company launched in the United States, there were no sustainable, affordable solutions to residential water waste that we could see. Identifying a market opportunity, my team and I created a tamper-proof conservation device for home showers. We were sure the product would solve the majority of people's water-waste troubles.”

But he added a lesson that he learned, “we soon realized that most building owners faced a bigger issue—leaky toilets. Customers couldn't think about addressing their shower problem until their commodes stopped running. So we decided to introduce a device that solved the issues they faced, more efficiently and for less money than any other brand.”

Sometimes, the best way to sell an initial product is to create secondary goods. The original may be the superior piece, but you need to assuage consumers' pain points before they’ll hear you out. David said that “Once we delivered on our promise of effective, affordable toilet solutions, people became more interested in our shower line.”

Here is the lesson. There is a cost to adding more offerings, especially for small-business owners. It often can take years to see an ROI on secondary products. Maybe it's something your company doesn't have, but you think it could benefit in the long run and you have experienced that there is nothing worse than losing target customers because you don't have what they need.

A reminder to CEOs is that building secondary products isn't always the answer. For example, if I know bubble gum will lead people to buy more expensive items in my deli, I'm going to put bubble gum on the checkout counter. But if there's not a clear purpose for the secondary product, it's better to establish the company with one item and add more later.

Schwartz recalled that in his company's case, the opportunities outweighed the obstacles. “We were meeting with prospective clients who were interested in water loss due to faulty toilets, and we didn't have a solution to offer. Addressing that need was imperative.”
However, enhancing a brand by expanding the product line can be challenging. He offered some strategies small businesses can use in order to help get it right:

1. Pick your customers' brains. Speak with prospects who didn't convert. Ask whether there was something you could have done to change their minds or what products they would have liked to see. Open, honest conversations provide the most valuable insights. Without that information, you're flying blind.

2. Don't build a house when you need an apartment. Secondary products don't have to be big and flashy. In fact, it's better if they're not. The goal is to get the product out as quickly as possible. But rushed concepts usually come laden with bugs that require a lot of money to fix. It's better to start small and scale up. There's nothing wrong with adding new features down the road.

3. Stay nimble and fluid. When building new products, it's often better to dive in and iterate as necessary than to rely on a rigid plan. Schwartz recalled that “My team and I have learned that we do best when we run with our initial ideas and figure out the details on the way. Not having strict guidelines makes it easier to pivot when problems arise. Try sketching out the general structure—and then test different parts until you find something that works.”

Successful products also rely on market research. The point of launching new offerings is to attract people to your brand, so make sure you know what they want. The last thing any small business needs to do is to invest in a secondary product only to realize no one's interested in it.

The key to Schwartz’s success is this “Before we started developing the flow regulator, my team asked prospects which products would be useful to them. When we suggested an idea that made their eyes light up, we said, “That's the one." Once you elicit that reaction, you've got your in. It may not be through the product you expected, but it'll be the one people need.”

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