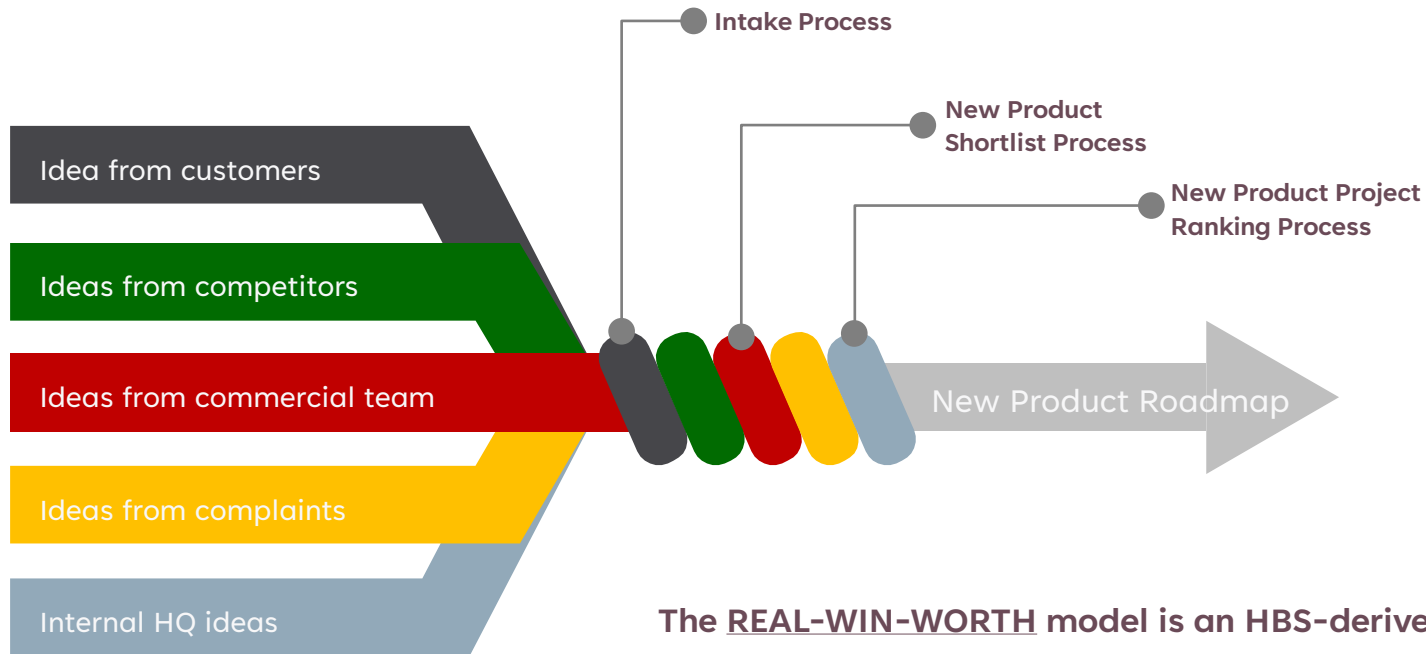


# Determining the true value of success across potential new product concepts

Real, Win, Worth Model

# Ideas Can Come From Anywhere



The REAL-WIN-WORTH model is an HBS-derived methodology first developed by Michael Porter to help organizations make decisions about when and how to invest in innovation.

R-W-W is a methodology to quantify the value and risk of a success or achievement, beyond superficial indicators.

R-W-W asks:

- Is it REAL
- Can we WIN
- Is it WORTH doing



**Honeywell**



**3M**



# R-W-W Is Used to Prioritize Innovation Ideas

## Types of INNOVATION

### “Little i”

- May be necessary for product viability
- May not create a competitive edge
- Relatively low investment required

Lower risk

Probability of successfully delivering is high

**Does not contribute much to new growth**

### “Big I”

- New to company or world (push to adjacent markets)
- Can generate the profit or growth needed
- Relatively expensive to execute

Risky

Probability of failure is high

**Avoiding “Big I” hinders growth and profitability**

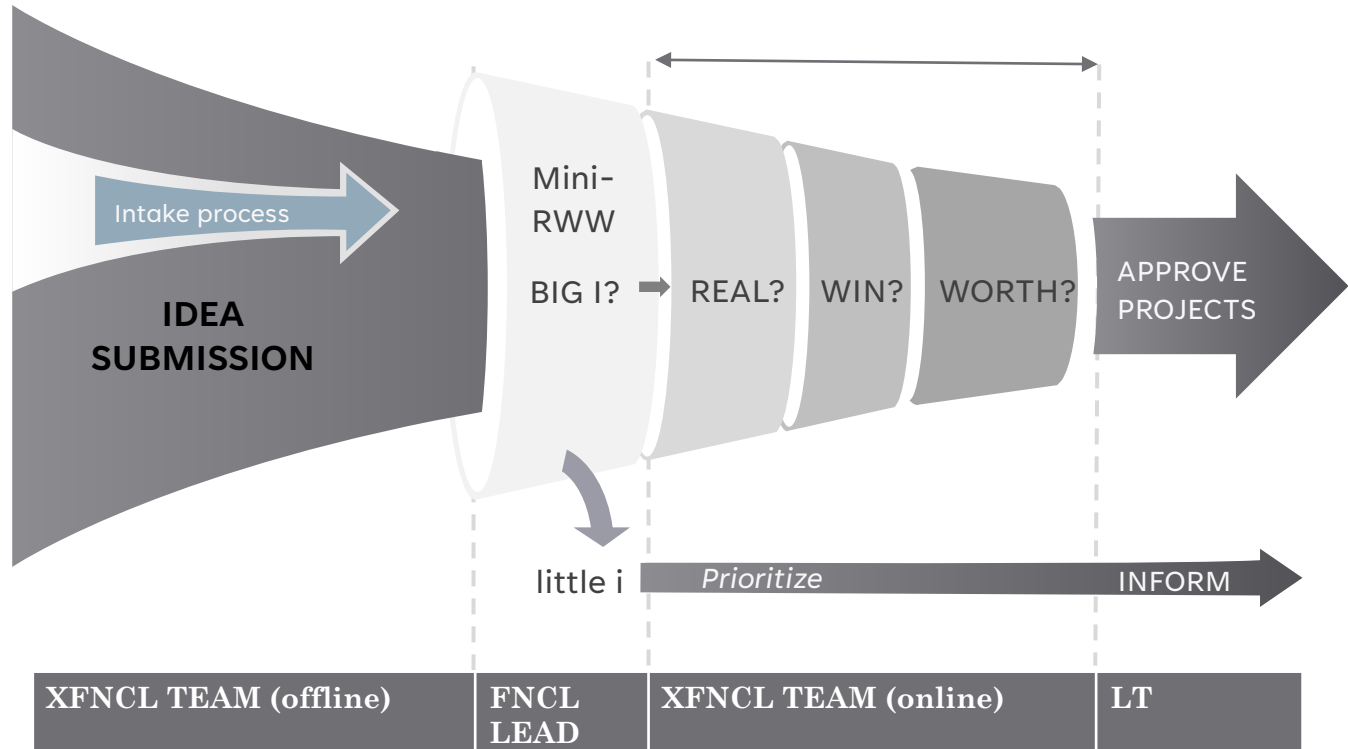
**RWW can help organizations better allocate resources across different kinds of innovation to ensure sustainability and guide future growth**

# The Process of Assessing Innovation

Ideas can come from anywhere



They should be submitted through a common process



# Submitting Ideas Must Be Easy

Easy for the submitter

## IDEA SUBMISSION FORM

Person Submitting Idea

First Name Last Name

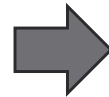
Department Submitting Idea

Description of Idea

Type here...

Rationale for Idea

Type here...



Easy for the committee to track and triage

- Preliminary Review by department lead
- Considerations and online disposition
  - Revenue or growth opportunity?
  - Strategically aligned?
  - Technically feasible?
  - BIG I or little i idea?
  - Do you recommend the idea for review by the new products committee? (Y/N + rationale)
- Reported to and visible by the full review committee

# Preliminary Review (Mini R-W-W)

A low score on any Mini R-W-W criteria is a showstopper

	Q#	Criterion	Scoring	Confidence Level	Critical Information Key Uncertainties, Risks, & Assumptions
REAL	1	Is there a need, want, or problem to solve?			
	2	Is the targeted market attractive for growth?			
	3	Can we access the technology to solve the problem (either internal or external)?			
REAL TOTALS =			0	#DIV/0!	<< Calculated Automatically
WIN	4	Can our business model win vs. our competition?			
	5	Will we meet the window of opportunity?			
WIN TOTALS =			0	#DIV/0!	<< Calculated Automatically
WORTH	6	Does the program align with strategic vision and intent?			
WORTH TOTALS =			0	#DIV/0!	<< Calculated Automatically
TOTALS =			0	#DIV/0!	<< Calculated Automatically

Little i ideas can be dispositioned based solely on the Mini R-W-W  
 BIG I ideas that pass the mini should go into a full R-W-W Assessment

# BIG I Ideas Go Into the Full R-W-W

Quantify the value and risk of ideas so they can be easily compared

## REAL

- Is the market real?
- Is the product real?

## WIN

- Can the product be competitive?
- Can our company be competitive?

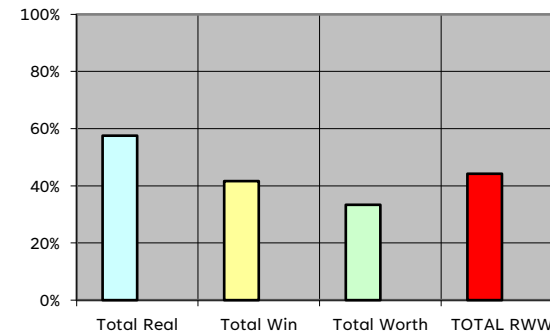
## WORTH

- Will the product be profitable?
- Does launching the product make strategic sense?

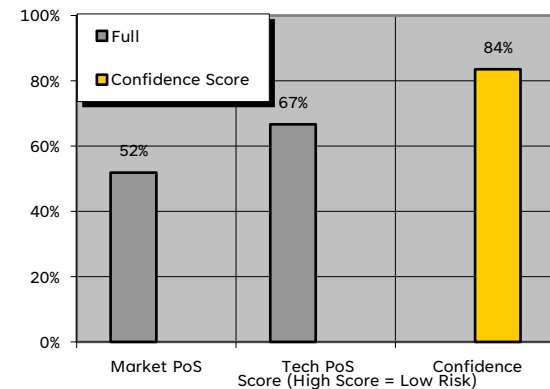
## RISK

- What is our likelihood of success (technical / market)
- How sure are we in our R-W-W assessment

SCORE DASHBOARD



RISK DASHBOARD





# R-W-W Assessment

## IS IT REAL?

A market exists for the product if:

- There's a need or desire for the product
- Product is better than alternatives
- Customers can buy it (affordability)
- Target market size is adequate
- Customers will buy (willingness to shift)

The product is real if:

- There is a clear concept with precisely described characteristics
- The product can be produced with available technology and materials
- The product will satisfy the market in its final form

- Assess the market before assessing the product
- When market is unfamiliar, the probability of failure increases
- The market will not adjust to match the product, but the product can be adjusted or replaced to better fit the market

# “Is It Real” Team Worksheet

Q#	Criterion	Scoring	Confidence Level	Critical Information Key Uncertainties, Risks, & Assumptions	
REAL	1	Is there a need, want, or problem to solve (articulated or unarticulated)?			
	2	Is there a set of customers able & willing to buy?			
	3A	Is the targeted market SIZE attractive? ("Targeted market" is the subset of the total market that represents our opportunity.)			
	3B	Is the targeted market GROWTH attractive?			
	3C	Is the targeted market TREND attractive?			
	4	Are there any regulatory barriers to entering the market (Toxicity, EPA, FDA, etc.)?			
	5	Are there any RM supply chain issues (to mfg only)?			
	6	Is there a solution to the problem that satisfies the need/want?			
	7	Can we access the technology to solve the problem (either internal or external)?			
	8	Does the technology/ expertise/ infrastructure lend itself to a stable manufacturing/service platform?			
9	Do we have/can we acquire the right assets to maintain the product/solution (people, equipment, space, time)				

REAL TOTALS = 0 #DIV/0! << Calculated Automatically

# R-W-W Assessment

## CAN WE WIN?

The product will be competitive if:

- It offers clear tangible and intangible advantages over alternatives
- Those advantages can be sustained (first line of defense is patents)
- It can survive competitor's responses

The company will be competitive if:

- We have superior resources for execution
- Team has the experience and skills appropriate for project's scale and complexity
- Team has a mastery of market research tools and customer insight

- Assess our ability to gain & hold on adequate share of the market
- Finding real opportunity doesn't guarantee success

# “Can We Win” Team Worksheet

Q#	Criterion	Scoring	Confidence Level	Critical Information Key Uncertainties, Risks, & Assumptions	
WIN	10	Can our product be competitive on value, features, and design?			
	11	Can we leverage our intangible assets (brand reputation, relationships, strengths)?			
	12	Promotion or communication needs for success?			
	13	Is the value proposition readily apparent to the consumer?			
	14	Can our business model [end- state of plan] win vs. our competition?			
	15	Will we meet the window of opportunity?			
	16	Do we have access to the necessary capabilities/ resources to execute (internal: people, capital, equipment, expertise, field service; etc. <AND> external: sales channels; outside service; etc.)?			
	17	Do we have exclusivity (contracts or IP)?			

WIN TOTALS = 0 #DIV/0! << Calculated Automatically

# R-W-W Assessment

## IS IT WORTH IT?

The product will be profitable at an acceptable risk if:

- Its forecasted returns are greater than costs
- It fits with the company's growth strategy  
(For example, by enhancing customer relationships or creating opportunities for follow on business)

Does launching the product make strategic sense?

- Does the product fit our overall growth strategy?
- Will top management support it?

- Financial returns are sometimes unreliable because it includes manipulation, overconfidence, biasness
- Forecast risk with standard sensitivity test: how will small changes in price, market share & launch time effect cash flows & breakeven?

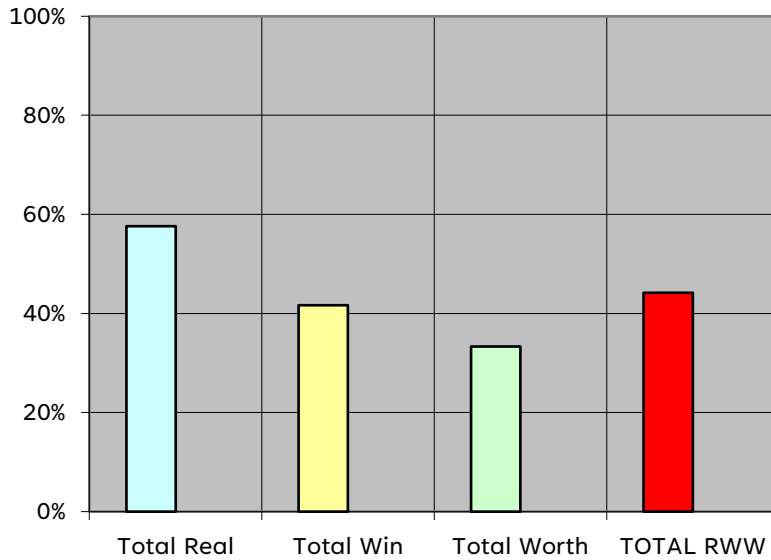
# “Is It Worth It” Team Worksheet

	Q#	Criterion	Scoring	Confidence Level	Critical Information Key Uncertainties, Risks, & Assumptions
WIN	18A	Is the rate of return adequate (IRR)?			
	18B	Is the size of the return adequate (NPV)?			
	18C	Is the profitability adequate (Fourth year OI)?			
	19	What is the cost of program (R&D, Mktg, IP, capital, etc. expenses)?			
	20	Does the program align well with strategic vision and intent?			

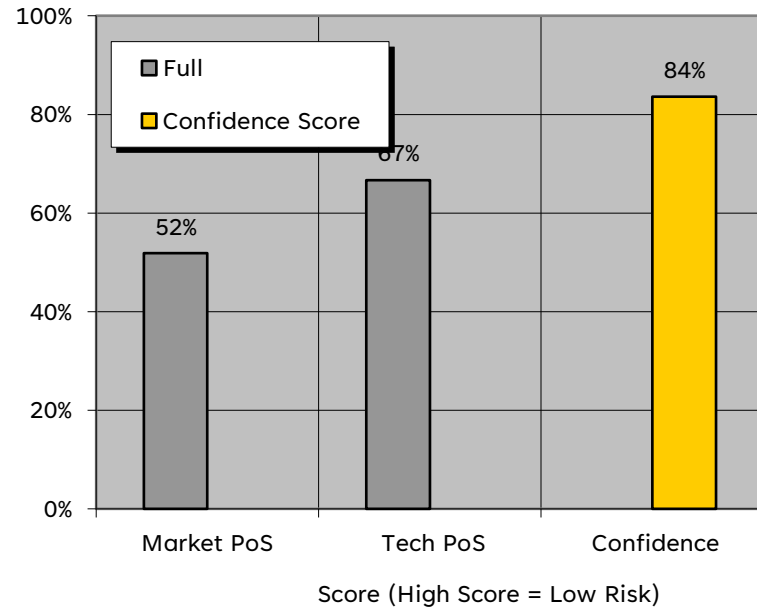
WORTH TOTALS = 0 #DIV/0! << Calculated Automatically

# R-W-W Assessment Outputs

SCORE DASHBOARD: RWW SCORES



RISK DASHBOARD: PROBABILITY OF SUCCESS AND CONFIDENCE SCORES



# R-W-W Portfolio Dashboard

The team can rank the value of BIG I projects based on R-W-W results

Project Name	Phase	Questions																				Conf	Score			
		1	2	3a	3b	3c	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18a			18b	18c	19
1	Scale-Up	3	3	3	3	3	9	9	9	9	3	3	9	9	3	3	1	1	1	3	3	3	3	3	2.5	110
2	Idea	3	3	3	3	3	9	9	9	9	3	3	9	9	3	3	1	1	1	3	3	3	3	3	2.5	110
3	Development	3	3	3	3	3	9	9	9	9	3	3	9	9	3	3	1	1	1	3	3	3	3	3	2.5	110
4	Idea	3	3	3	3	3	9	9	9	9	3	3	9	9	3	3	1	1	1	3	3	3	3	3	2.5	110



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# THANK YOU

QUESTIONS & DISCUSSION