HOLY SH*T!

13 PRODUCT DEVELOPMENT CHEAT CODES

I LEARNED FROM 4 YEARS AS A

BLACK-MARKET MUNITIONS DEALER

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"HOLY SHIT!!", my friend Donny screamed at the top of his lungs.

"Kellen just blew himself up. I think he's dead!"

As it turned out, our good friend Kellen had blown himself up. But luckily, he wasn't dead.

He did have a massive contusion on his chest, multiple cracked ribs, and a concussion from falling backward and hitting his head. And he was rushed to the hospital by ambulance, while Donny, me, and rest of our friends who had witnessed the explosion scattered, not wanting to be caught and blamed for any part of Kellen's serious injuries.

In truth, other than encouraging Kellen, we had very little to do with him being injured. But we knew better than to stick around.

What caused Kellen's near demise was that a small group of my friends, ranging in age from 10 to 14, were involved in a never-ending competition to make the biggest home-made explosions and fireballs.

To do this, we'd take apart fireworks and pour their inflammatory contents into a variety of containers. We'd then add other chemicals with explosive capabilities that we'd buy from friends and even through mail order suppliers.

On this particular day, Kellen had loaded the ingredients from a large skyrocket firework into a metal cylinder from an empty CO2 cartridge. He then packed it with potassium chlorate, charcoal powder, and sulfur, the ingredients needed to make a crude form of gunpowder.

About three inches long and oblong in shape, these C02 cartridges were used to make sparkling drinks and could be bought at any hardware store. They were constructed with a heavy aluminum or steel wall a couple eighths of an inch think, so once Kellen stuck the fuse from a cherry bomb into the chemical packed C02 cartridge and sealed it off, the result was a formidable explosive device.

The mission succeeded, but Mission Control was a miserable failure

So what went wrong that caused Kellen's injuries? As foolish as we were at that age, we did take precautions to try to stay safe.

The idea Kellen came up with to protect himself was that he would light the long fuse on the explosive that was sitting in his backyard, then cut a quick retreat to the safety of his garage about 30 feet away. In the garage, he had placed a stool next to a window where he could safely observe the huge explosion.

Sitting on the stool in front of a work bench littered with his bomb making tools, Kellen had created his own makeshift Mission Control center.

The only problem was, the mission went haywire.

When the flame of the fuse reached the explosive packed CO_2 cartridge, the explosion was supposed to send dirt and grass flying in all directions, which it did. And Kellen was supposed to remain safe, protected by the wall of the garage between him and the detonation.

The explosion did send dirt and grass flying in all directions, in fact, farther than any of us had dreamed it would. Donny, me, and a few of our other friends were safely observing from the roof of Kellen's house, about 100 feet away. And we were shouting and laughing wildly when the massive explosion occurred.

Unfortunately, the explosion wasn't the only result of the detonation. Because of its sturdy metal construction, the CO_2 cartridge did not get vaporized like we thought it would.

Instead, it became a deadly projectile, shooting through the wall of the garage, blowing a two-foot hole in the wall, and hitting Kellen square in the chest.

And that signaled the end of my 4-year career as a black-market munitions dealer. Because as foolish as I was at 13 years old, it was horribly clear that we had all ducked a fatal disaster. And I wasn't about to tempt fate again.

But the story actually starts a few years prior to this…

As I mentioned, I was 13 years old when Kellen nearly blew himself to kingdom come. But prior to that, other than a few minor scrapes and burns, none of my group of pyrotechnic friends had incurred any serious injuries.

Also, I was making good money as a black-market munitions dealer, selling a variety of explosive materials to my friends. Firecrackers, fireworks, and chemicals to make small bombs with to be exact.

My career in peddling illicit explosive materials started at the age of 10. A bit precocious, I had tried making a few dollars mowing lawns and having a paper route.

Those just weren't for me. Not enough money. And not enough excitement.

Trying to figure out how to make a lot more money and have a lot more fun, I began looking into the available opportunities. As a result, I quickly realized that all the young boys I knew were like me and loved burping, farting, rude noises, explosions, and fire.

Growing up in Michigan, all forms of fireworks were illegal. But in neighboring Indiana, they were completely legal.

Asking around, I quickly discovered that a few older teenagers that lived in my cousin's neighborhood, about 15 miles away, regularly drove to Indiana to buy fireworks. So I arranged to have them buy a few cases of fireworks and firecrackers for me every couple of weeks, paying them a bit extra for helping me out.

Once these teenagers agreed to my proposition, I then collected money in advance from my friends, their friends, and their friends' friends, fully financing my black-market deal without any of my own money. So not only did I make a tidy profit, but I was also getting a nice pile of fireworks for myself at little or no cost.

Not too shabby for an enterprising 10-year old!

Stepping up my game

Business was booming from Spring through early September. But the fireworks stands in Indiana only operated in the Spring and Summer months. After that, the demand for fireworks, which was built around the summer holidays, tapered to a halt.

At that point, my supply of fireworks would dry up until the next year. And so would my munitions business.

As enterprising as ever, I realized that while my supply of fireworks dried up every September, my friends' quest for explosives did not. In fact, the desire to buy explosive materials multiplied considerably after September, because now explosive materials were far more rare and difficult to come by.

So I set out to find another supplier of dangerous chemicals. Keep in mind, that this was well before the Internet. Even well before the advent of personal computers.

So I had to conduct all my research using printed materials. Library card in hand, I hopped on my bike and rode over to my local branch library.

There I discovered a wealth of research materials. There were volumes of purchasing guides covering every industry. It was easy to find dozens of suppliers of caustic chemicals. To my surprise, with nothing more than a typed letter sent to these suppliers, a number of them were willing to ship just about any chemical I wanted, as long as the order was pre-paid.

In addition, popular magazines like Boys Life, Mechanics Illustrated, Popular Mechanics, Field and Stream, and many others had classified ad sections where there were small ads selling

chemistry sets, microscopes, telescopes, and more. And with another letter sent to the manufacturers of chemistry sets, I was able to find stores that sold jars of replacement chemicals you could buy when the various chemicals in your set were used up.

Through this rich set of suppliers, I was able to purchase all the makings for gunpowder, fireballs, flashing bursts of fire, and an assortment of other chemicals that created bright colors when our homemade explosives were ignited.

My first introduction to the product development process

Now that I didn't have firecrackers and fireworks available to me from September through April, I realized there could be a problem. While commercial firecrackers and fireworks already contained the correct mix of chemicals in the correct proportions, that wasn't the case with bulk chemicals.

I solved this problem with a bit of product development leg work. With further research, I was able to determine what the correct mix ratios were for gunpowder and various forms of fireballs.

With this additional knowledge, I created a number of packages to sell my customers that included a recipe and all the necessary chemicals in the right proportions for each specific incendiary device.

Each recipe and the required chemicals became a separate product, with a total of about 10 products to choose from. Looking back, I realize that this was my introduction to the product development process.

By applying an understanding of my market, what they wanted, and what their limitations were, I was able to:

- Identify a high-demand market

- Identify a serious problem most of my market had – the lack of knowledge to properly mix their raw chemicals

- Solve that problem by creating a selection of pre-assembled chemical packets along with a recipe for using them to create the desired incendiary device

As a result, my black-market munitions business was able to continue operating at a tidy profit year round. And I was no longer restricted by the lack of firecrackers and fireworks from September through March of each year.

For four years, from the age of 10 through 13, my black-market munitions business flourished. I had all the chemicals and fireworks I ever needed for creating my own mischief with no out-of-pocket cost. And I had plenty of discretionary income to spend on comic books, baseball cards, candy, and model cars, boats, and planes to build and blow up with my explosives.

But my entire business came to an abrupt ending with the terrifying realization caused by the uttering of just two words…

HOLY SH*T!!

A bit more background on my continuing product development experience

The story I just shared with you contains two important *cheat codes* for creating breakthrough products and services. In fact, one of these codes is the single most important key to creating top-selling products and services that allow you to dominate your market while your competitors continue to spin their wheels.

I'll cover both of these *cheat codes* in just a minute. But first, if you're going to listen to me, you deserve to know a bit more about my background and what qualifies me to advise you on the best shortcuts for creating exceptional products and services.

Over the past 30 years, I've had the good fortune to develop a wide range of best-selling products and services. Some were developed for clients and a number of them were products and services I developed for my own business.

Here's a short list of a few of them:

- For a company that's a spinoff of publishing giant McGraw-Hill, the new version we created of one of their main products immediately increased that product's sales by 410%.

- A toy skateboard I developed, featuring Tony Hawk's logo and eight other well-known skateboarders or skate brands, was sold all over the world by the multi-billion dollar toy company I created it for.

- For a sales training program for insurance professionals, beefing up one component of the program, while de-emphasizing another component, grew the company's sales by a massive 714%.

- The new scoring engine I created for an advanced testing and assessment software suite allowed it to overcome an excessive hardware requirement and be commercialized. It's now been used by General Electric, Cars.com, Johnson & Johnson, Kaiser Permanente, Pioneer, Sunguard and dozens more major corporations. And the company was recently acquired for more than $120 million.

- I applied the same proprietary process I developed and used in all the examples above to create three training programs of my own that have produced millions in sales.

- A client of mine recently used my process to change one component of their existing training program, resulting in $500,000 more in sales in the first week alone.

That should give you a good idea of the wide range of products and services I've developed. Because I've used the exact same process in the development of all of them, you can feel confident that the *cheat codes* I'll share with you here will apply to just about any situation.

One more critical point… why is it so important to develop higher-quality products and services?

Most companies don't fail or hit hard times because of the economy, changes in culture, the political climate, or any other external factor. They fail for one reason only – they stopped offering their customers the kinds of products and services they want most.

Need proof?

A recent study conducted by MIT states that 95% of all new products fail. This is echoed by a similar study published in Inc. Magazine that says 82% of all consumer products fail and 95% of all technology products fail.

The United States Patent Office concurs with those studies, reporting that in its tracking, 98% of all patented products die off with few or no sales. And none of these studies measure the percentage of products and services that don't fail outright, but fail to produce the level of sales that were expected.

That's a pretty dismal outlook. But the real question needs to be:

WHY do so many seemingly good products fail?

Why does one product development project result in a home run, but the next project falls completely flat? For the vast majority of businesses, there seems to be no rhyme or reason as to why this happens. Otherwise, far more products would be successful.

Now, the problem isn't that companies aren't doing their best in trying to create superior products and services. Most companies realize that higher quality products are the engine that drives growth. And they're definitely trying to make their products a major success.

But here's why no matter how hard you try, companies have not been able to reliably create products and services that generate the level of sales they were hoping for.

You see, the real problem is **the lens that companies view product development through**. In practical terms, it can be summed up this way:

Companies are *product oriented*

BUT…

Customers are *experience oriented*

Companies are analytical in the development of new products and services. They look at adding *new features, functions, and benefits* they believe their customers will like. At the same time, their analysis relies heavily on doing this in the most cost-effective way.

Sound familiar?

If you're honest in your assessment of how you go about developing new products or services for your business, what I've just described should be right on target.

But that is <u>not</u> how customers think about your product. And that goes for any product – yours, mine or your competitors.

Customers actually *use* a product. They *experience* the use of it in their everyday life. And experiencing something is entirely different than creating it in a series of planning meetings.

So in order to create the kinds of products your customers will use, value the most, continue to buy, and recommend to others, you need to create products that give your customers a *superior experience*.

That's exactly what the *cheat codes* I'm going to share with you here are designed to do. They all rely on actual customer experience to create shortcuts you can depend on to create exceptional products and services. Products and services that sell extremely well from the start and will continue to sell extremely well for years to come.

Each *cheat code* is easy to understand and apply. So by the end of this material, you'll be better equipped to create top-selling products and services that your competitors can't hope to match.

So let's dig in!

A quick note about terminology

The *cheat codes* presented here can be used to create superior products and services for any industry. However, because it's a bit clumsy to keep using the term "products and services" repeatedly, for the remainder of this material, I'll simply use the terms "products" or "product".

So any time you see the terms "products" or "product", please remember that they actually refer to products *and* services.

Product Development Cheat Code #1
Breakthrough products are based on customer experience

This *cheat code* is the first and most important lesson I ever learned in my short career as a munitions dealer. In fact, I've been known to half-jokingly say that this should be Cheat Codes 1 to 100. That's how critical it is.

The majority of good companies don't fail due to poor management or unstable economic conditions. They fail because they don't innovate new products that are superior to everything their competition is offering.

When you see a product go viral or gain exponential growth, it's because that product delivers a superior customer experience. In other words, your customer's daily experience is greatly enriched by using it.

The problem is that in most companies, product development focuses almost exclusively on the product itself. The development team seeks to answer a host of questions that are primarily about the product.

- What improvements can be made to it?

- Why did people choose this product over another?

- What additional features would cause them to pay more for it?

- How can this be done in a way that minimizes expenses and maximizes revenue?

These type of questions can only result in development efforts that center on the product itself. And as you've seen, that can be a critical mistake.

Product development for a product based on *customer experience* takes you in an entirely different direction. Rather than focusing on the product itself, the majority of your attention shifts to your customers with heavy emphasis on the *experience* they get by using your product in real-life situations.

At the same time, your marketing for that product is driven by an understanding of what your customer is experiencing that causes them to consider buying your product. And delivering an alternate, superior experience they can't get anywhere else.

When you shift your focus to your customers' behaviors, activities, needs, concerns and motivations, you gain a much deeper, enriched level of knowledge that results in the development of products that are far superior to your competitors.

In addition, you often discover unstated needs and opportunities that lead to altogether new products you never would have considered without this detailed, enriched knowledge. And I'll give you a couple great examples of this as we move through these *cheat codes.*

You'll also see how better questions that reveal the true experience customers want to have are essential to creating exceptional products. This includes ***input questions*** you ask before you start to develop your product and ***idea stimulator questions*** you ask in the process of developing your product. Both forms of questions will be presented as we move through the *cheat codes.*

Product Development Cheat Code #2
Packaging can be critical

The second *cheat code* I discovered in servicing the customers of my munitions enterprise, was the value of packaging. And that the proper packaging is often critical to sustained sales.

When selling firecrackers and fireworks, packaging wasn't much of a consideration. But understanding how lazy my friends were, I realized that if I just sold them raw chemicals for making their incendiary devices, there was a strong chance they wouldn't use the raw chemicals and my business would over nearly as quickly as it started.

This same *cheat code* can give you a substantial benefit when developing your own products. Here are three excellent examples.

Example #1 – Help Remedies is a pharmaceutical company that has a unique form of packaging for its products. Instead of leaving it up to the customer to read a label with tiny printing, all of their packages feature the company name, Help, followed by a statement of what's bothering you.

For example…

Help, I have allergies

Help, I have a blister

Help, I can't sleep

Packaging their products this way serves two important purposes. First, it's eye-catching and tells you exactly what you're buying, removing the need to guess or read long labels.

Second, each package contains only one type of medication. So you know that what you're buying is intended to treat one specific condition.

Example #2 – McDonalds' Value Meals. It used to be that when you went to McDonald's you'd be asked the now famous question, "Do you want fries with that?" That question was designed to increase the size of the order and sell more food.

However, McDonald's devised a way to sell a lot more food by packaging multiple food items together in their value meals. These meals can vary from a burger, fries and soda bundled together to large "family packs" of various foods.

By packaging foods this way and giving each package an attractive name, the average price of an order is increased considerably. And the customer is served more quickly because they can make a quick decision without having to consider each component of the package individually.

Example #3 – Amazon.com has mastered the technique of what I call "on the fly packaging". Whenever you make a purchase on Amazon, you immediately get a list of items labeled "Frequently Bought Together".

So if you buy a camera, you'll see a list of memory cards, lens wipes, carrying cases, and other accessories that improve your experience with your camera. This provides a valuable service to the customer by eliminating the need to research which memory card to buy, for example. And the added items that are selected by a high percentage of customers, makes Amazon's bottom line even better.

Product Development Cheat Code #3
Effective product development *simplified*

What's the *worst way* to develop a product? By following the conventional wisdom that tells you to, "Ask your customers what they want, then create it".

If you've ever created a product this way, you know what I mean. You survey your customers giving them three different options, then develop a product for the option that received the highest number of votes.

The problem is, once you launch that product, you only get a trickle of sales. After a few tweaks to your funnel that don't do anything to increase your sales, that product is retired and your time and costs are lost forever.

Why does this happen? There are a number of reasons, but the primary cause is that *your customers don't know what they want.* That's why they've come to you in the first place.

But what your customers do know is the result they want to achieve and the experience they want to have when getting that result. And that brings us back to what I mentioned in Cheat Code #1 about the kind of questions that get the information you need to create best-in-class products every time.

Exceptional product development can be broken down into two simple components. The first component is **input questions** – the questions you ask your customer to gather research before creating a new product or improving an existing product.

The second component is **idea stimulator questions** you ask when you're in the process of developing your product.

Both of these forms of questions are very different than the types of questions you ask when using the conventional approach to product development. Instead of asking, "What feature do you like best", "which color would make this stand out", "what would be the best price point for this" and other *feature oriented* questions, the question frameworks I use are based entirely on actual customer experience. And when designed properly, these questions clearly identify the exact results your customers want and the ideal experience they want to have when getting those results.

So let me give you a couple of examples of how this is done.

Input Questions – the key to gathering deep customer intelligence

Remember, customers view your product in an entirely different way than you do. While companies emphasize features and benefits, customers actually use a product.

The reason a customer uses any product is to get a specific result. And along with this, they also want to have a smooth, easy, and positive experience when getting that result.

So the *input questions* framework I've designed gets to the heart of the results customers want plus the experience they want to have in getting those results.

Now, these questions will be somewhat different depending on the type of product you want to develop or improve. But you can't go wrong when you focus on results + experience.

To do this effectively, you'll want to use both positive questions and negative questions. One of the most reliable positive questions to ask is:

If there was one component of this product that was removed from it
that would make you <u>not</u> want to buy it, what component would that be?

While this question may sound negative, it's actually used to elicit positive response. In essence, what you're really asking is, "What is the one component of this product that you can't live without?"

Most importantly, when asked this way, it causes your customer to create a mental image of using your product. They quickly picture using it, which brings up the results they were looking for and the experience they had when using your product. So their answer to your question gets directly to the heart of what you're looking for.

A bit later in this material, I'll share an example of the actual results this type of question can produce.

An example of a powerful negative question is:

If there was one thing you could change about
this product, what would it be?

The structure of this question is designed to get the most candid response possible. Instead of asking, "What do you dislike the most about this product?", you pose a similar question, but framed differently.

When you ask people what they dislike, they are reluctant to be completely candid. Not because they don't want to be candid, but because they don't want to hurt your feelings. By softening the negative response with the structure above, it makes it easier for your customer to be as candid as possible.

Most importantly, this question causes the customer to mentally picture and review their use of your product. So the answers it elicits are based on the actual results a customer wants to get and the experience they want to have when getting those results.

Idea Stimulator Questions

To paraphrase a popular saying, "You can't expect to ask the same conventional questions and get better results".

Now, the same conventional questions I'm referring to are the uninspired questions most companies ask when developing a product. These questions are based on identifying features, benefits, and cost-effective ways of delivering them that a company thinks will make their new or improved product sell well.

But if that process worked, you wouldn't be reading this. We'd all be zillionaires pulling our yachts up next to each other :-).

My complete product development process uses 23 *idea stimulator questions* and many of them have multiple variations or can be structured in multiple ways. Trying to cover all of these questions would take up far more room than I have here.

However, throughout this material, I'll give you examples of a number of these *idea stimulator questions* and the results they produced when I employed them on actual product development projects.

The first example will be presented in the next *cheat code.* So let's move on and get right to it.

Product Development Cheat Code #4
Dare to be wrong

One of the major reasons that product development projects produce lukewarm results is that people are afraid to be wrong.

They're afraid to act foolish.

They're afraid to look stupid.

They're afraid they'll be laughed at.

So the great thing about this *cheat code* is that it gives you permission to do all those things. But to do them in a safe environment.

And when you're no longer afraid of being embarrassed or what you might look like, and you harness the power of daring to be wrong, magical things can happen. The best way to show you how this works is to demonstrate it with a real-life example.

Harnessing the unlimited power of being wrong

In Cheat Code #3, I mentioned that I'd share a *negative question* to illustrate a cheat code. And that's what I'm going to do now.

Of the 23 **idea stimulator questions** in my complete product development process, I always include at least a couple questions that are posed from a negative standpoint.

The reason I do this is that it gives your brain a new and different view of potential opportunities. When you give people permission to be wrong, look foolish, and have a good time without being judged for it, you open up a wealth of new possibilities.

One of the negative questions I frequently use with clients that produces exceptional results is:

*What would be the <u>worst</u> idea possible for achieving
this goal or solving this problem?*

When I use this question, I instruct the participants to be sure to blurt out anything that comes to mind. Nothing is off limits. And nothing is too far-fetched or too goofy to say.

This immediately changes the energy in the room. People light up, break out in smiles, and the atmosphere is way more upbeat.

So now, instead of holding back for fear of looking stupid, people try to outdo each other with the most foolish and outlandish ideas. Which is the exact purpose of this!

Now obviously, most of these outrageous ideas will not be useful. But many will contain a kernel of a good idea within their foolishness. These kernels of good ideas can be identified by using a second question, called a *reversal question.*

The reversal question looks like this:

Is there <u>anything</u> about this idea that could be turned into a great idea?

With this understanding of how the process is staged, here's an actual example of it in use.

Great results from a terrible answer

A few years ago, the client I was working with had a team of 9 people from various departments in the company taking part in an idea generating session. While we generated a number of highly valuable product ideas, we really struck gold with the negative question:

*What would be the <u>worst</u> idea possible for achieving
this goal or solving this problem?*

Let me tell you, this question produced ton of answers, many of them absolutely hilarious. And at some point, a programmer on the client's web development team blurted out, "Give it away for free!"

Somehow, something clicked with this that motivated me to ask, "Have you ever given away any of this as a free trial?"

Their answer was "No".

I then dug a bit deeper and asked, "Would it be possible to give a portion of the product away for free to demonstrate in advance how well it works?" This is an example of a *reversal question.*

It turned out that this could be done fairly easily. A few smaller segments of the product were identified and then the team selected the one that did the best job of demonstrating the capabilities of the full product.

However, instead of giving this segment away for free, we decided to charge a nominal fee, about $15. This was done to more accurately qualify each prospect, eliminating those who weren't serious and keeping only the prospects who were truly interested in the product.

In addition to the product sample, there was a printed insert with a short description of the complete product along with a discount as an incentive to purchase it now. With this new direction, my client's team was really excited. They felt that this new idea they generated was going to be a winner – and that they never would have come up with it without using this negative question as part of the complete process.

Also, because this segment of the product already existed as a component of the complete product, the entire packaging of this trial product and the offer were ready to test in just two weeks. And to say I was surprised by the results at the end of the test period would be an understatement.

The client reported that this restructured sample version of their product followed by the new offer to upgrade to the full product outsold their previous best efforts by 410%. Not too shabby for one "bad" idea!

What this demonstrates is precisely what I stated in Cheat Code #3. If you want to create superior products or product improvements, you have to ask better questions.

Product Development Cheat Code #5
Go big or go out of business

Want to get a powerful advantage that lets you leapfrog over your competitors and command first place in your market? Then you'll have to go big.

Here's how that's done.

Finger boards are small toy skateboards, about 3 inches long and made out of plastic. Kids use their fingers to slide the skateboard and manipulate them to do tricks.

The first manufacturer was Somerville International who made them under the brand name Fingerboard. The Fingerboard brand boards were first released in 1987.

Eleven years later, in 1998, a small company called X Concepts released their own version of finger boards with one key difference. The original Fingerboard brand boards and its other competitors all used generic graphics. Things like skulls, lightning bolts, and dragon's heads.

But X Concepts had a better idea. X Concepts had a BIGGER idea.

Instead of generic graphics, X Concepts licensed the images of top skateboarders and skate brands such as Tony Hawk, Jamie Thomas, Flip, Toy Machine, World Industries, Blind, and others. These were the images that adorned their finger board brand, Tech Deck, rather than generic graphics.

So what do you think happened when a kid walked into a toy store or his local skate shop and saw two types of finger board toys – one with skulls and lightning bolts, the other with Tony Hawk's logo, Jamie Thomas' logo, and the logos of all their other favorite skate brands?

The answer is obvious. The Tech Deck finger boards with the graphics of famous skaters and skate brands sold out almost instantly. And the finger boards with the generic graphics sat on a shelf collecting dust.

In fact, within less than two years, Tech Decks put the original finger boards made by Somerville International completely out of business.

Now it wasn't cheap to secure the licenses of all these major skate brands. The license for Tony Hawk's image alone was in the millions. And that's a huge stretch for a small, unknown toy company.

But X Concepts understood the risk. And they believed in their vision.

Because of making the choice to go big, X Concepts owned the market in less than two years. And Somerville International packed up and went home.

So the question is, what can you do to go big with your product?

Maybe it's eliminating 14 of your products to focus entirely on just one like 37 Signals did with Basecamp, resulting in a massive increase in profits.

Maybe you could take the risky move of abandoning your DVDs by mail business to focus on a tiny, unproven market called streaming. That's what Netflix did years ago and they are now the dominant global streaming service with over 260 million subscribers.

Or maybe it's something else you could think up. Just remember – when you go big, the sky's the limit!

Product Development Cheat Code #6
Improve, don't invent

One of the best ways to develop a best-selling product is to improve an existing product, rather than inventing something entirely new.

That's how I invented a hit toy that sold in toy stores, department stores, on Amazon and thousands of other websites all over the world.

My toy was called FireFoot and it was simply an improved version of the toy from the previous *cheat code,* the Tech Deck.

As I mentioned above, because they featured the most well-known skateboarders and skate brands of the times, Tech Decks were wildly popular. I became aware of them when I was browsing the toy section at Target and there was a huge ruckus.

It turned out that the source of that ruckus was a crowd of boys clamoring to load as many Tech Decks into their shopping baskets as possible. When this feeding frenzy was over, the store shelves were bare. Every Tech Deck on the shelves had been snapped up.

Burping, farting, rude noises, explosions and fire – revisited

After experiencing this buying frenzy, I was determined to leverage the popularity of Tech Decks. And I asked myself, "How could I improve on this in a way that would make kids even wilder about buying these toy skateboards?"

The answer came from a throwback to my days as a munitions dealer. Once again, I recalled that all young boys absolutely love anything that has to do with burping, farting, rude noises, explosions and fire.

In short order, I had my answer! I knew that I needed to figure out a way to add one of these attributes to Tech Decks.

And the attribute I landed on was… fire!

Here's how I did that. The way a skateboard, whether a toy or an actual skateboard, is stopped is that the tail is dragged to cause friction, acting as a brake. The idea I came up with was to add an attachment to the tail of the Tech Deck that has a small piece of flint embedded in it – the type of flint that's used in a lighter.

Then, when a kid would drag the tail, it would shoot out a ball of sparks. And since flint creates a cold spark, there was no risk of injury.

Using a Tech Deck, some flint, thin plastic, and a hot glue gun, I quickly pieced together a prototype for a total cost of $27 and gave it a name – FireFoot.

I then demonstrated my prototype to kids and the owners of skateboard stores. Right from the start, it was a smash hit.

I then presented FireFoot to the owners of X Concepts, the manufacturer of Tech Decks. I showed them the prototype, a 30-second video of it shooting out a massive ball of sparks, and included the names of the skateboard stores who were eager to stock it.

Within 20 minutes, I walked out with an agreement to license FireFoot to X Concepts. And it was sold in toy stores, skateboard shops, department stores, on Amazon and thousands of other websites all over the world.

Is improving rather than inventing in your future?

I strongly recommend taking a look at your products to see if there are improvements that could be made to substantially increase your sales.

Here are a few more examples of improved products that have increased sales considerably:

- **Amazon Prime.** Amazon combined its streaming video platform with shopping benefits and fast delivery, transforming Prime membership into a must-have and driving both membership and product sales higher.

- **Coca-Cola.** Over the years, Coke has continued to make improvements to its ingredients in order to create entirely new brands. Cherry Coke, Diet Coke, and Coke Zero are just a few examples that opened up sales to new market segments, resulting in substantial growth in sales.

- **Duolingo.** Sales of this app rocketed upward when the company added gamification to learning a language. New features such as being awarded points, daily streaks, and the posting of leaders in each category made the app addictive and scaled sales to $700 million annually with tens of millions of dedicated users.

I know from experience that nearly any product or service can be improved to create a new version that can substantially increase your sales. I've done this with many of my clients. And it's something you can easily do with your own products.

Product Development Cheat Code #7
The smartest things about smart phones

One of the greatest examples of exceptional product development is with you nearly all the time. It's either in your pocket, your purse, or glued to your hand.

By now, you've probably guessed that I mean your smartphone.

So what is the *cheat code* that smartphones provide you on a regular basis – and at no cost? It's that *iteration* is one of the best, low-risk methods of product development that you could ever ask for.

Let me use the ubiquitous iPhone to demonstrate what I mean.

Apple releases a new version of the iPhone every six months, with some models coming out in March and the others in September. And according to Statista.com, the iPhone is responsible for 55.6 percent of Apple's total sales.

But do you think every new version of the iPhone is actually all new? Of course not.

Each new version is simply an *iteration* of the previous version. And while the exact percentage of new features in each updated version isn't known, if you own an iPhone, you know that it isn't all that much.

BUT – and this is the critical point, Apple has mastered adding improved features to the most desirable functions. For example, with each new version, you'll nearly always see an upgrade to the camera, because that's one of the most popular and most used feature of any smartphone.

Apple also makes cosmetic changes to the shape, size, and colors of each new version. This smart choice (yes, it's an intentional pun), allows people to see their shiny new model as being different from the version they previously owned.

Understanding this iterative process brings us to an important question…

WHY does Apple release a new version
of the iPhone every six months?

There are many benefits to releasing *iterations* of your product, rather than all new versions. These include:

- Each iterative version is sold as an all-new model at *full price*, not at a discount. This obviously produces billions of dollars in new revenue for Apple.

- Manufacturing time is substantially less for a product where most of its components already exist.

- Iterative products and services give you the ability to create a large base of raving, dedicated fans that eagerly look forward to the next version and recommend your product to others.

- Because your customers are already familiar with the current version of your product, it takes little or no convincing to get them to purchase the next iteration. In fact, many people feel left out if they don't get the new iPhone as soon as it's released.

- Marketed properly, iterative products give you the ability to offer special benefits and bonuses to customers who buy through pre-release offers, bringing in revenue even before your product is delivered.

This is just a partial list of the benefits of creating iterative versions of your own products and services. And while this is an excellent starting point, you'll discover even more benefits as you examine other iterative products and services and consider creating iterative versions of your own.

Making your smartphone smarter – how to apply this Cheat Code to your own products and services

Iterative products are all around you. These include any product or service sold by subscription, most software, computer hardware, clothing, cars and trucks, consumer electronics, books on many subjects, training programs by third party vendors for a variety of iterative products and services, and the list goes on and on.

You can make your smartphone smarter by recognizing what goes into each version of any iterative product. What physical qualities have been updated? Which features are new or refreshed? What cosmetic changes have been made?

Pay attention to these changes to get a better understanding of what makes a great, highly profitable iteration. Then, examine your own product or service and determine how you can use what you've discovered to greatly improve it with the least amount of effort and expense.

Product Development Cheat Code #8
Product confusion kills sales

Are you confusing your customers by trying to sell the same product to different markets? This is a common error that many businesses make.

So let me show you how to turn the same product into multiple products. And increase your sales considerably by doing this.

One of my clients manufactures and sells aluminum foil cooking and baking products. This includes pie and tart pans, burner liners, broiler pans, foil cups, loaf pans, food carry-out pans, cake pans, foil trays – and more.

A convenient option they feature is that you can buy any amount, from a single pan to thousands of pans. While this is very attractive to many customers and has increased sales since its introduction, it also resulted in a serious problem.

Because their customers range from individuals who just want to buy a pan or two to large companies that buy hundreds of the same pan at a time, many customers were confused about what they were purchasing.

Many times, an individual customer who wanted to buy a single pan would click "one" for the amount. But if that "one" actually meant one case of 12 dozen and the customer didn't read the entire description, my client would end up having to pay the return shipping fees and replace the order with a single pan. Not to mention that many customers would open the case and take one pan out, then return the rest, resulting in a case of pans that were now unsellable.

So what was the solution? Eliminating the confusion did the trick.

A better way to sell the same product into different markets

This problem of incorrect orders and costly returns persisted for a number of years. And as obvious as it might sound now, it took some time to come up with the solution.

That simple solution was to split the product sales into two separate divisions of the company, each with its own website and ordering cart. Now, one division serves consumer customers and the second division serves larger corporate accounts.

This simple change eliminated the problem of incorrect order amounts immediately. It also resulted in better customer service for both markets. And best of all, with nothing more than the implementation of this solution, sales have increased by 40%.

Let your customers develop your product for you

Here's another excellent example of eliminating product confusion by splitting the same product into two different products.

Years ago, an industrial detergent manufacturer sold a detergent based on its superior ability to remove grease more effectively than competing products. Because of this product's ability to remove a larger quantity of grease faster than its competitors, a smaller amount could be used, which saved money and the job could be done faster, which saved time.

Overall, the company's customers were quite happy with the product and many of them repeatedly purchased this detergent on a regular basis.

One day, an accounting clerk was reviewing the sales records for the past year and she noticed that one customer repeatedly bought five times the quantity that their other customers purchased. When she showed this purchasing record to management, no one could figure out why this one company was buying in such large quantities.

The size of the company that was making these large purchases fell right in the middle of the range of their customers. And the square footage of their manufacturing site was also in the middle range.

So why, they wondered, was this customer buying such large quantities? And why did they repeatedly place such large orders every other month?

As much as they speculated, no one could come up with an answer that made sense. Finally, the account representative for this customer decided to call them and find out what could possibly make this customer repeatedly order in such large quantities.

When the account representative got the shop foreman on the phone, he politely stated that he had noticed this customer was buying five times as much of this industrial detergent as all their other customers and wondered why they needed such large quantities.

The customer answered, "Well, we do use it as a detergent and it does a great job for that. But we also discovered that it's an exceptional lubricant for fitting the plastic pipes together that make up our product. And that's what we use the majority of it for."

So how do you put this information to its best use? In the case of this industrial detergent manufacturer, they recognized a great opportunity the moment their customer brought this alternative use to their attention.

They promptly created a new product line, packaging the exact same detergent as a superior pipe-fitting lubricant. And because customers used larger quantities for pipe-fitting then for industrial cleaning, their profits grew substantially, practically overnight.

Product Development Cheat Code #9
The product with 1,000 names

Would you like to expand your business into hundreds of markets that you don't normally serve? And have other companies pay to do this for you?

That's the result you get when you use Private Labeling to let other companies use your product or service by repackaging it under their company name and branding.

This can be done with any product or service. A great example is vitamins and other similar supplements. Except for large name brands, the majority of vitamins and supplements you see being sold in stores and online are private labeled.

For example, CVS has its own line of vitamins and supplements. But they don't manufacture any of them. Instead, they have them manufactured by a large company that Private Labels to hundreds of companies.

The same goes for grocery stores and health food stores that sell their own lines of vitamins and supplements. Those lines are actually manufactured by a large company that specializes in Private Labeling.

I've personally Private Labeled a number of my training programs for other companies with excellent results. It's an ideal way to increase your reach and sales into markets you wouldn't normally serve.

Here's another great example. One of my clients manufactures CBD infused dog treats that are sold in stores and online. They also create the exact same dog treats for other companies, which are bagged and labeled with the other companies' branding.

By Private Labeling dog treats for a number of pet product companies, my client's company brings in $60,000 per month in revenue from this source that's secondary to their main business. Not a bad return for baking dog biscuits!

Here's one more excellent example. A client of mine created software for identifying qualified prospects for any industry, using a powerful search methodology and public records.

This software works so well that their sales quickly grew to more than $1 million annually. At the same time, they quickly realized that they can't possibly service all possible industries, so they decided to private label their software.

Today, with more than two thousand businesses paying to private label this software and use it under their own brand name, in addition to the $1 million my client generates in their own sales each year, they take in another $9 million from their private label relationships.

Product Development Cheat Code #10
Have it your way

Back in the 1970s, Burger King stole huge market share from McDonald's with the slogan, "Have It Your Way". Unlike McDonald's and all the other burger chains back in those days, this slogan highlighted Burger King's commitment to customization. While most burger chains only gave you the option of pickles or no pickles, Burger King let you personalize their Whoppers in any way that you wanted.

This made for a much better fast food experience. And it gave Burger King an unbeatable positioning and advertising advantage. This slogan alone moved Burger King into the upper echelon of fast food restaurants.

"But my company is different"

In the early 2000s, a good friend of mine named Paul Hartunian was a major player in training small and medium-sized businesses to do their own publicity. And he proved his abilities to get major press coverage by using a clever method to truly "sell the Brooklyn Bridge", which won him massive press coverage, culminating in an appearance on the Tonight Show.

As a way of introducing small business owners to the effectiveness of doing their own publicity, Paul published a low-cost manual called "Power Publicity". In the original manual, Paul used a small business to illustrate how to write a great press release and get press coverage. I believe the example Paul used was of a dental practice.

However, this led to ongoing complaints every week. Over and over again, Paul's staff would get letters and emails with complaints like, "Your sample press release is for a dentist, but I'm a real estate agent, so I can't possibly use this. Please refund my money immediately."

At first, Paul was a bit baffled, since the principles he taught were universal and with just a minimal amount of modification, the sample press release he provided could be used by anyone in any industry.

Regardless of this fact, Paul realized that the solution – and tremendous opportunity – was to give his customers the ability to "have it your way".

So he took his "Power Publicity" manuscript and highlighted a few sections what would need to be customized so it could work for any industry. For example, instead of referring to "including all the benefits of being a patient of your dental practice", he would change that to "including all the benefits of working with a great real estate broker in your neighborhood".

Most importantly, he used the same standardized methodology to customize the press release that was included for each specific industry. For each industry, the exact same section of the press release was modified.

Once he had documented these standardized modifications, Paul instructed his staff to make the changes and create customized versions for dozens of industries. While 95% of the material remained the same, customizing the other 5% created a massive advantage for his business.

At one point, Paul had around 60 customized versions of this report. Some of them included, "Power Publicity for Accountants", ""Power Publicity for Jewelers", "Power Publicity for Photographers", "Power Publicity for Contractors"… and on and on.

What was the result of this one, inspired change?

By making this change, sales of the customized "Power Publicity" manuals outperformed anything else he had ever offered – many times over. And with its low cost, those introductory sales led to far more sales of Paul's more expensive programs.

As a result, he was able to retire early after just a few years and purchase a $10 million property to fulfill his lifelong dream of opening a rescue shelter for stray and unwanted dogs.

Would your customers love to "have it their way"?

This *cheat code* can be used effectively in nearly any industry. All it takes is a bit of thought to customize any of your products or services in a way that speaks directly to many different niche markets' needs.

With nothing more than this simple repositioning, you can multiply your sales many times over. So how do *your customers* want to "have it their way"?

Product Development Cheat Code #11
The missing link

Throughout this material, I've emphasized the power of asking better questions in order to get the quality of answers needed to create truly superior products or product improvements. And this *cheat code* demonstrates yet again how powerful the results can be just from asking a better question.

I mentioned earlier that one of my favorite questions to have clients ask their customers is, "What part of this product or service would cause you not to buy it if it was missing?" Believe me, this can produce breakthroughs that you just can't get to any other way.

For example, when we used this question with one of my clients, they discovered that the main component of their training program for financial services professionals was low on the list of priorities for their customers. And the component that their customers valued most was being treated as a low-level bonus.

This question identified a critical piece for my client to better serve their customers. And this was the missing link that created a massive improvement in their program and their sales.

By shifting the training program to focus primarily on the newly discovered value of the component their customers identified as delivering the ideal outcome and experience, their customers were even happier with the program. And by making that component the emphasis of their marketing for the program, my client was able to increase their profits by a massive 714%.

Always keep in mind that the way you design your product or service is quite different than the way your customers view it.

Because customers actually use your product on a daily basis, getting thorough feedback on their experience when using it can often reveal "the missing link" – some attribute that you had overlooked or not considered that's highly valued by your customers.

Asking this type of question truly demonstrates the tremendous advantage you can get when you go beyond the traditional research that's normally done for most product development.

Product Development Cheat Code #12
Developing a superior product through science fiction

Everyone knows what Velcro is.

It's that funny, two-sided fabric with one side made of tiny hooks and the other side made of tiny loops. Just press the two sides together and it holds tight, then easily strips open by pulling the sides apart.

Now, the funny thing is that it took over a decade for Velcro to catch on. For over 10 years, the company couldn't interest anyone in any industry in using it.

But truth is stranger than science fiction

One small event changed everything for Velcro IP Holdings, the manufacturer of Velcro. Because of this event, this little-known product became an overnight sensation and sales soared.

So what was the event that changed everything? NASA started using Velcro in all their uniforms.

But not in the way you might think.

You see, while NASA used Velcro for many purposes, the craziest use of it was to attach a small patch of Velcro inside the front of astronauts' helmets.

What for? To be used as a nose scratcher!

When the story of that odd use of Velcro got out, it spread like wildfire. And that turned Velcro into an overnight sensation.

Companies began investigating the more practical ways to use Velcro, resulting in sales today of $1.8 billion.

And to this day, NASA still includes a small patch of Velcro inside astronauts' helmets.

Should you consider becoming a mad scientist?

The repurposing of products for other uses and other industries isn't as uncommon as you might think. Here are a few examples.

Bubble Wrap was originally intended to be used as textured wallpaper. But that use is long forgotten and it now plays a prominent role as protective cushioning for shipping fragile goods.

Play-Doh was created as a cleaner for removing soot and grime from wallpaper. But we know it as a colorful, non-toxic modeling clay that children love.

Viagra was originally developed as a heart medication for angina. But after producing an "unexpected result" during its initial drug trials, it was repurposed as a treatment for erectile dysfunction.

There are many more products with similar stories. They were initially developed for one purpose, but are now used for multiple purposes.

Often, the repurposed product produces considerably more sales than the original product. So it could be well worth your time to play mad scientist and spend a couple hours brainstorming other uses for your own product.

Product Development Cheat Code #13
David and Goliath

Sometimes the best way to develop a product is to reduce it to its smallest sellable size. By miniaturizing a product, you can create – and dominate – an entirely new category.

That's exactly what Sony did with the Walkman.

In the late 1970s, Sony founder Akio Morita was intrigued by the phenomenon created by boom boxes. These were large, somewhat portable, music players that teenagers carried on their shoulder, blasting out the current hits.

Mr. Morita saw the popularity of this widespread phenomenon and thought, "There has to be a better way". And the solution he came up with was to play David by reducing the boombox to a smaller challenger that would take on the Goliath boom box.

So he assigned Sony's Tape Recorder Business Division the task of creating a miniaturized, lighter and portable personal music player. This task was quickly accomplished by modifying the existing Sony Pressman, a small tape recorder used by journalists to record interviews.

Essentially, the Pressman was improved from mono sound to stereo sound with much higher fidelity. In addition, a new lightweight headphone was invented by Sony to replace the heavy, clunky headphones that dominated the market.

In 1979, Sony introduced the first version of the Sony Walkman and it took the market by storm. With the unique ability to listen to music anytime and anywhere through your personalized headphones, the Walkman's sales were enormous.

In short order, David had defeated Goliath.

A new David rises to challenge the new Goliath

Sony continued to innovate in the miniaturized music player market. When CDs became popular and replaced cassette tapes, Sony shifted gears and claimed another massive success with the Sony Discman.

Altogether, cumulative sales of the Walkman and Discman reached 400 million units. Sony had become the undisputed new Goliath of portable music players.

But with this success, a new challenger, a new David, arose.

In late 2001, Apple shocked the world with the introduction of the iPod. This digital MP3 player could hold and play approximately 1,000 songs. And it was about the size of a credit card, making it far more portable and convenient than the Walkman or Discman.

Almost overnight, the iPod became the world leader in small, portable music players. And the Walkman became a distant memory.

Once again, another David had shrunk a product to defeat Goliath, claiming Goliath's throne for its own.

Conclusion

The end… or the beginning?

I hope you've enjoyed these 13 unique ways to develop exceptional products that give you a clear and powerful advantage in your market.

My goal was to show you that there is a much more dependable and profitable way to develop products and services that deliver the results and the *experience* your customers really want. And to demonstrate in many different ways how enjoyable and effective doing this can be.

Now, before I go, I want to leave you with one final piece of advice. Probably the most important advice in this entire program.

The *cheat codes* you've just discovered can be the end of your exploration of a much better way to develop products and services. You can look at this as an enjoyable learning experience and stop here.

Or it can be just the beginning…

You can take what you've discovered and start applying it today. As you've already seen, it doesn't take much to do this. These *cheat codes* are all easy to understand and implement.

But it does take a commitment to implement them.

Of course, this is the cornerstone of all momentum. You can't really achieve any goal unless you commit to implementing the steps to achieve it.

This is simple logic, but also very commonly dismissed. It's so easy to put something off until next week or next month.

But we all know that those things that get put off rarely get done. They simply wither away in a to-do file somewhere.

So here's what I recommend if you want to take the next step…

Make it easy on yourself. Don't try to implement everything all at once.

Pick just the one or two of these *cheat codes* that resonate with you the most. Start with those, giving them maybe an hour a day.

Within a short time, you'll see real results. And it's likely that you'll be more excited than you've ever been about product development.

From there, you'll be hooked. You'll soon be creating the kinds of products and services that other companies can only dream of.

You'll soon be able to fulfill all of your customers' wants and needs in a way that no other product or service can, giving you the clear leadership position in your market without a challenger in sight.

About Bob Serling

Bob Serling is a 35-year product development and licensing veteran and the founder of LicensingLab. His innovative take on product development and product improvement has helped thousands of businesses and entrepreneurs produce exceptional results.

Bob has been the monthly marketing columnist for Success Magazine… invented a skateboard toy featuring Tony Hawk's branding that was sold in toy stores and department stores all over the world… co-created and licensed advanced assessment software currently being used by many Fortune 500 companies… created a one-and-a-half page prospecting letter for a client that landed an agreement for a $25 million project by being sent to just one prospect – then licensed that same letter to 14 different industries… and much more.

He's perhaps best known for having pioneered **Customer Accelerated Design**, a proprietary process for customer-centered product development and product improvement. This proprietary method shifts the focus of product development and improvement from company-driven "features and benefits" to using actual customer experience and buying history to develop exceptional products that give you a powerful competitive advantage.

Bob offers a range of product development and improvement solutions to fit any company's budget – including group trainings and 1-to-1 consulting. To schedule a short call by Zoom and have Bob help you identify the most profitable options for developing or improving your product, just send an email to:

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