

New product development assignment



To answer the question “ What are the factors that made Schwan focus extensively on innovative product development initiatives” there are to state two main points. The first arises from the changing dynamics of the frozen pizza business in the country. For the last decade, the frozen pizza market was growing the fastest within the entire US frozen food industry, reporting at a rate of 29, 2% between 1995 and 2000. This was caused by the introduction of the ‘ rising crust’ technology, through which frozen pizza got almost the quality of the pizza offered in restaurants.

This had a declining effect on the other three segments of the pizza branch (dine-in, take away and home delivery), because now having almost the same quality, frozen pizzas were cheaper, more convenient, and most of all product innovations of the frozen pizza segments rivalled the offerings of the dine- in pizza companies. However, this includes that the companies of the other segments will lay more effort in stopping this process (and as a result competition will increase).

Therefore frozen pizza producing companies are forced to keep up to or have almost to quicken establishing innovations as a result of the rising pace and competition in the fast growing market. Thus the pressure in the market is increasing, which lays even more weight on the frozen pizza producing companies to keep the pace and so not to fail. Another reason for the rapid growth towards the early 21st century was the advent of ‘ single- serve’ pizzas. Because these ‘ single servers’ became very popular by customers, most of the frozen pizza producing companies began to draw their focus on this segment.

Because of this competition became even more intense in this sector, especially between Schwan and Kraft Foods. Thus, the companies decided on factors to distinguish from competitors. Since pricing, promotion and distribution were replicated very quickly in the industry, product innovation emerged as the single- largest factor that gave a significant competitive advantage to companies. Therefore the thrust Schwan gave to new product development, is in line with and forced from the market development, especially because of the fact that Schwan`s main attention focuses on the frozen pizza business.

The second factor that made Schwan mainly draw their attention on innovative product development initiatives arose from the company`s expertise in the frozen pizza business. Schwan was quick to realize that in the single- served sector a good quality, convenient and universally appealing product was missing. Thus, Schwan wanting to fill this product gap by leveraging upon its expertise in the frozen pizza business and its manufacturing capabilities drew its attention on the development of this product development. 2)

After decision to best fill the product gap by concentrating on a microwaveable hand-held snack that could be prepared within a shorter time, the management commissioned a team of internal experts to work on this concept, involved various cross- functional teams and departments and assigned a few external parties (such as packaging and equipment suppliers) as well. Afterwards the product development exercise began with the so called ' exploratory concept stage' by a cross- functional team meeting, in order to discuss the product being developed....) In order to critically

analyze the role played by Schwan's cross-functional teams, first you have to have a closer look at their purpose and their kind and way of contribution. By the assignment of several cross-functional teams, including personnel of various departments from process engineering to the sales and marketing department, the company aims to support the innovation and commercialisation process in the best way. For example, the product developing exercise began with a cross-functional team-meeting.

In this context, the main advantage of the cross-functional teams becomes obvious by the mutual knowledge exchange of the different experts. A critical point at this stage to mention is that the more people are involved the more difficult a decision is to be made. The success and the most important function of these teams is based on effective communication. Therefore, at every step in the innovation process every single member has to be exactly informed about proceedings and stated decisions.

Concerning this you can criticize it as being very time consuming and considering that in reality often communication problems occur great differences may arise by a failure in the communication process. Moreover, it is very important to set clear goals and guidelines for the groups and their members depending on their expertise. If this lacks it is not ensured that all team members treated optimal resource utilization as a priority issue and conflicts of competence and responsibility may come across. Although it is considered that by involving people early a lot of development time is saved through building team support, momentum, excitement and enthusiasm, it can also be the other way around. You just have to think about arising problems in the team with the effect that the whole developing process

suffers from this situation, or people are too busy by dealing with their personal relationships instead of working intensively.

Later in the development process the different departments work on their explicit subject in the process (see point 2), so each department plays a key role, but communication between them is still the key to success. Therefore, a communication process initiated from the cross-functional teams accompanies the entire development process. Within this background there is to say that the cross-functional teams built the groundwork of the whole development process of Red Baron Stuffed Pizza Slices.

Therefore, you can draw the conclusion, if the communication process between the teams and the team members are in a kindly manner you can just be in favour of this organizational structure, but if it lacks, the reliance just on this might also hinder the development process. At last, you can come to the point that cross-functional teams can be very helpful to outpace performance but they are not quite the key to success, this depends on more factors not only a good working communication system.