

Effective Strategies for Outsourcing Product Development & Manufacturing

BY YIGAL OFFIR

OK – so you have this great idea that can change the world (well, at least your world) and you want to have it produced so you can sell it to all of these great customers that have been begging for such a product for years (they may not know about it yet, but you know they'll need it as soon as they see it ...).

Unfortunately, your company doesn't have the structure to internally support developing and manufacturing your great product, nor do you want to sell your firstborn in order to make this happen. On the other hand, you really want to do it right. Too many great products die an early death due to wrong design, bad quality and inconsistent delivery. Sound familiar?

In recent years, and probably due to the long winded economic crisis, a new type of consulting company has emerged – product development “contractors.” Similar to a building contractor, they can manage your product idea from inception all the way to quality assurance once it has started its mass production, like a true turnkey service. However, one must be very careful in picking the right partner.

Just like a conventional contractor, there are few very good ones and a lot of bad ones that can easily ruin your chances of getting your product done before you retire, or worse yet, you may end up finding an exact copy of your product in your competitor's catalog.

Take your time and do your homework before you pick your product development consulting firm – after all, it is going to be the key to your success. Here are some important milestones in developing a new product using a contractor.

Pick a Winner

First and foremost, never disclose any details of your idea before signing a mutual Non Disclosure Agreement (NDA). If at all possible, and if you believe that your product is patentable, apply for a provisional patent before you contact the product development consulting firm. The cost for applying for a provisional patent is very reasonable and gives you up to 12 months before you need to formally apply for the patent.

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- a. Thoroughly review the firm's website. Any reputable consulting firm would have a professional website with detailed explanation of its expertise and experience.
- b. Verify that this firm is established and has the experience and resources to properly develop your product, find a proper manufacturing facility, and is able to continuously maintain proper quality of your product.
- c. Make sure that this firm can give you references and access to previous customers.
- d. Have a full understanding of the firm's current work load. Just like a building contractor, the firm may be tempted to accept your job regardless of its workload, which can result in constant delays and low quality of work.

It's All in the Details

Once you pick a potential firm, get a *detailed* proposal with clear phases for each part of the development work. Each phase should include a detailed schedule, comprehensive deliverables list and itemized cost. Verify that you will be able to discontinue the proj



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ect, at your discretion, at the end of each phase, for any reason.

Now that you picked this great product development firm, your job is not over. It's your responsibility to make sure that your not-yet-born project will have the best chances to turn into the great product you know it can become. How are you going to do that?

Always keep in mind that you have three main objectives that you must focus on: *cost*, *performance* and *schedule*. You have to take into account all three throughout the development process. Next, request weekly updates from the development team, and make sure they understand that you are the one who will make decisions on any issues throughout the development. After all, you're the one ultimately responsible for the success of your project.

Consult with other people when you need to make important decisions or compromises. Sometimes people that are not intimately involved with the project can offer a more objective point of view. And always ask questions. Things that are obvious to some (i.e., the development team) may not be so obvious to others. Be prepared to make changes to your product. Unfortunately, only a few devel-

opment projects end up exactly the way they were perceived initially.

Choose Your Factory Wisely

So, your product is now developed, your cost is still acceptable, the schedule still works for you and you are ready to pick that great factory to make your product. This is usually the most critical milestone in your product development program.

A good product development firm will evaluate a number of factories for you, qualify at least two and summarize the pros and cons of each factory, making it easy for you to make the final selection. Sounds simple, right? Not exactly.

Too many times consultant firms would feel more comfortable "picking" a factory for you. A factory that they're comfortable with isn't necessarily the best factory for *your* product. What do you need to do to make sure that you get the best possible outcome? Get involved. Ask questions and insist on getting a clear understanding of the factory's current situation, such as its financial state, manufacturing capacity and technical capability.

If possible, visit the factory and talk with the top management. You'll be amazed what you can learn from a face-to-face meeting that no formal presentation can show you. Additionally, challenge your development team and ask them to clarify each and every point of their assessment.

You need to feel comfortable with the final decision. It's certainly worth it for you to take your time and do your own due diligence. Once the decision is made, you and your consulting firm will need to go full speed ahead.

Stay Involved in the Process

Once the product is ready for mass production, your consulting firm is not off the hook – it must make sure that your product is done properly and will maintain acceptable quality levels throughout its life. How can the firm do that? By conducting product performance specifications, manufacturing specifications and quality inspection procedures, inclusive of Acceptable Quality Levels (AQL). All three documents *must* be formal, clear and agreed on by the manufacturing facility. Assign a quality inspection entity, through your product development consulting firm, to ensure the product's quality by carrying out scheduled quality inspections.

The intention of this article is certainly not to discourage you from outsourcing the product development and manufacturing of new product ideas. On the contrary – new product ideas generate higher amounts of return on investment and are a lot more exciting. There are many good, reputable firms that can execute this task very effectively. One just has to be careful and follow these simple guidelines. 🌐🌐