TOPIC: PRODUCT INNOVATION

INNOVATION IN BREWING – DISCIPLINED PROCESS IS KEY TO SUCCESS

7 min read

Developing a successful innovation platform requires discipline above all else. All innovation should be designed to fit within the strategic missions of the company and needs to be aligned with a specific purpose within the competitive landscape from the start. Creativity is essential to this process, but the key ingredient for continued success is to have a disciplined process which keeps all stakeholders engaged and on the same page through each phase of developing and launching any new product. Whether it is a formal process such as Stage-Gate® or a custom-designed methodology developed specifically for your organization, it must be carefully managed and clearly documented to ensure that new product launches are delivered on time and within budget with the desired impact on the business – profitable growth.

"Consistent innovation success necessitates a disciplined approach, ensuring alignment across all organizational levels throughout the process. Regular check-ins with defined success criteria identify and eliminate hurdles, maintaining alignment toward strategic goals and enhancing the potential fo positive result." – *Sean Lavery, VP of Technical Brewing and Innovation, Sierra Nevada Brewing*

Although the chaos of constantly innovating to develop new beers, hop-waters, seltzers and hybrid concoctions to fill all 20+ taps in the taproom literally requires throwing a large number of ideas at the "innovation wall", it also requires a disciplined process to ideate and bring to life recipes, names, artwork, stories, production capability/capacity, and everything else associated with developing new products. The process always gets much more involved when it comes to launching any of these new products into the wider world beyond the taproom. All stakeholders from the marketing team, the production team, supply chain, sales and everyone else who touches the development of a new product need to be involved at every step of the process to maintain alignment and assess that the process is moving forward at the required pace to hit the marketplace on time, with everything in place from sell sheets to delicious beer in the can.

The team involved in the innovation cycle needs to meet regularly to evaluate the current and future needs of the business and determine how the pipeline of new products addresses those needs or opportunities. Once the goals are set for the innovation cycle, the timelines need to be developed and agreed upon with owners assigned, and inputs & outputs identified with clear deadlines. Breaking this down into four or five well-defined steps or phases with clear decision points is the best way to manage the perceived "innovation chaos" and ensure production and commercial success.

At each step of the process key decisions must be made – including a kill switch for the project. This is especially important in early phases of development. There is no room for emotional decision-making in this process – one should not fall in love with a product before it is launched. Whatever phases or steps are agreed upon by the team must be adhered to for every new product that is planned, with clearly outlined success criteria. This will build a consistent innovation cycle. The phases need to include ideation, feasibility / business case, recipe development, raw materials acquisition, naming, label design, label approval, packaging materials design and acquisition, stakeholder communication plans, as well as other key steps to bring the product to market. Each of these steps need timelines, owners, and deliverables that are agreed upon by all stakeholders. How a team breaks down these tasks into individual owners and particular phases depends entirely on the size and scope of the team that has been commissioned. That is why customization is so desirable in designing this process for an individual business. The key is that all of it must be clearly documented, and the owners need to know what they are accountable for and when those deliverables are due.

Below is an example of a simple four phase innovation cycle – the steps within these phases would include clear roles and responsibilities and timelines for all members of the team to evaluate whether a product is ready to move on to the next phase:

Phase One – Ideation & Creation

This happens with every new Cold IPA and hop-water to hit the taproom beer list. It involves recipe development, naming, raw materials acquisition, sensory evaluation, process development and possibly artwork development. At this phase every new product still has a chance. Owners are usually clear, but roles need to be clearly defined – especially sensory evaluation and the success criteria. Although taproom sales $ will always be a key indicator of success, there will be other factors as well such as how this new product fits or responds to a market niche. It will be important to have a diverse pool of people that contribute to generating ideas for new products.

Phase Two – Further Development

This also happens with every new product to cross the bar, but there is another key discussion point here – the decision to kill the product or leave it tap room only is evaluated. A simple question really – do we make it again? And then another question – do we take it further? Once again – all key stakeholders need to be on board at this point and there needs to be a process to ensure this. In order to move on to the next phase, the green light needs to be issued from all parties as designated in the process. All of the legwork must be done at this phase to determine feasibility as well – are raw materials available in the right quantities, does capacity exist, is new equipment required, are there any concerns regarding cost of goods or profit margin?

"Using new technology or providing engineering improvements could be crucial for the brewery. It's important to carefully assess if these changes are worth it in terms of cost and time. Also, figuring out how to move from small-scale testing to large-scale production is essential, as it could end up being too expensive/complex."– *Tim Wolf, Senior Advisor, Engineering at First Key Consulting*

This is the phase where most potential new products must die, because moving on means . . .

Phase Three – Ramping Up

Once the decision has been made to move forward from development to a full-scale launch of a new product there is much more work to be done by all the key stakeholders. Raw materials may need to be acquired, processes developed, more pilot batches brewed to optimize the recipe and the process, new equipment ordered (and installed/commissioned), listings and regulatory approvals, packaging artwork designed, proofed and printed. Tap handles are designed and purchased, if needed, merchandise and point of sale materials are developed, and sell sheets etc. It is very expensive to make mistakes at this phase, so the process needs to be tightly controlled to deliver the expected results. There is still a kill switch here, but it is much more closely guarded and needs to come early on in this phase.

Phase Four – Readying for Launch

This is a fine-tuning phase for the product since the key decisions were made earlier on, but there are important decisions to make at this phase – when & where to launch, which channels, what marketing plans to activate, and a clear goal-setting process for volume. There also needs to be an evaluation protocol to determine how well the process worked and incorporate any learnings into future projects. This part of the feedback loop is key for continued success.

Evaluating the Product Portfolio

With a given frequency, e.g. annually, all products in the product portfolio need to be evaluated, no matter their longevity. Questions such as their volume growth rate, their profitability, their impact on capacity, and overall market trends (e.g., competition trends, distributor, and retailer feedback) need to be considered in the evaluation.

All breweries and other beverage companies have different structures and needs, therefore a custom-designed innovation cycle strategy which adheres to these simple concepts can and should be tailor-made to fit the specific needs of the business. This will help build truly cross-functional teams that achieve successful innovation through a disciplined and repeatable process.