In 2001, seventeen software developers met at a ski resort in Snowbird, Utah. These individuals spanned the software development landscape of the time, representing organizations of different sizes and styles, yet they all faced the same problem: the need for an alternative to the documentation-driven, slow-moving, highly bureaucratic software development processes they all used. On that cold February day, the “agile” model for software development was born.

So, how does this innovation apply to new product development in the consumer goods industry? The benefits of the agile software development process—increased speed-to-market, reduced costs, enhanced focus, and minimized wasted time in development—apply to any development organization, whether the end result is a consumer product or software application. These gains are especially important in today’s economic climate where development budgets are constrained, competition is fierce, and expectations from both senior leaders and consumers have greatly increased.

There are three simple principles behind the agile approach that can easily be applied to consumer goods companies’ new product development process: (1) engage the consumer early, (2) collaborate iteratively throughout the development process, and (3) institute a closed-loop learning process. As agile software development organizations have known for years, these methods help companies respond more easily to change, kill products that won’t meet consumer needs, learn from both wins and losses, and constantly adjust to improve the odds of future market success.

1. **Engage the Consumer Early**

At the core of the agile software development methodology is the same principle that should be at the core of any new product development initiative: in order to successfully develop a new offering, the product or service must meet the needs, satisfy the wants, or solve a problem the consumer is currently facing. Often times, consumer goods companies design new products based on newly discovered technologies, forgetting to align these ideas with definitive consumer needs. This results in products that do not provide value or solve a current problem for the end user. In order to accurately identify these problems, the consumer must be engaged at the very beginning of the development cycle.

Development time cycles can be substantially reduced by focusing on the consumer’s requirements and building the right solution the first time. This will help companies get to market—and get to profit—ahead of the competition. In addition, overall customer satisfaction and revenue potential increase while minimizing potential risks and shortfalls.
2. **Collaborate Iteratively Throughout the Development Process**

Frequently, new product development projects in consumer goods companies continue even when the market need no longer exists or the product does not test well with consumers. Qualitative and quantitative checks and adjustments with consumers confirm that product requirements, market needs and consumer desires have not changed or shifted during the development cycle. This check and adjust cycle must be in place throughout the innovation process.

By instituting a collaborative, iterative development process, a culture of *quick wins and quick losses* is created, ensuring that active innovation projects meet current market needs while reducing the churn and wasted resources spent on unnecessary initiatives. By using this method throughout the development cycle—from developing consumer messaging, to engineering the prototype, and even analyzing the results of the first launch cycle—companies can quickly check and adjust, learning from the past to improve the future.

3. **Institute a Closed-Loop Learning Process**

Iterative development helps create a closed-loop learning process that should be implemented for innovation successes and failures alike. An open culture of sharing and learning must be instilled in the product development organization, as both successes and failures provide ample learning opportunities for every development team. This knowledge should be shared across business units and brand teams, not only within the development team responsible for the initiative. By breaking down silos and collaborating across all functional teams, organizations increase transparency to what works well with the consumer and why something may have failed. These fundamental process changes may take time, but they add value immediately.

The core principles of the agile software development process can apply to all innovators and organizations, including consumer goods. Maximum value is achieved when companies start applying these principles to the product development business system early on and expand as organizational processes mature, earning incremental value along the way. To enable an agile development model, consumer goods companies should consider global collaboration solutions that focus on adopting consumer-driven processes to design products that quickly deliver value to the end user.

Properly executed, an agile product development methodology will consistently produce better products faster, meeting the needs of consumers, and improving results to drive to bigger and better innovations every time.