



Guideline TEMPLATE
FOR A NEW PRODUCT CONCEPT PAPER / PROPOSAL

1. The Vision

- What is the vision for the proposed product / marketing concept ?
- What is it the product designed to achieve: for eg: to address a customer need; achieve increased sales; increase market share or profit, or to address corporate objectives?

2. Executive Summary

2.1. Aim of this Concept Paper

- The purpose of this paper is to obtain endorsement fromfor the development of this product to the Business Case stage.

2.2. Introduction

- Background information about the product concept.
- Where did the idea come from?
- Why has it been pursued?
- Potential benefits to us.

2.3. Proposed Product (Line) Concept(s)

- Basis of the product
- Simple explanation of the proposed product features
- Simple explanation of proposed price structure, promotion and placement in the market
- Proposed target market
- Proposed project timetable and any major milestones

2.4. Initial Financial Summary

- Financial Summary for first 12 months after product launch to market.
- Figures are estimates only (ie not as detailed as business case)
- 12 month Estimates required:
 - ⇒ Product sales, in numbers and units.
 - ⇒ Product Revenue
 - ⇒ Product Development Costs - market research, billing, BIT system costs, technical, P&A, administration, public relations, internal communication & training



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⇒ Unit Cost of Product – generation, transmission & development, overheads, administration, capital and maintenance (if required)

2.5. Alignment with Strategic Result Areas

- The product must align with one, some or all of WPC's Corporate objectives
 - ⇒ Customer Satisfaction, Community, Business Development, Finance, Safety, Environment, Cost ?, People

3. Description of Product Concept

- Detail the concept idea
- What are the product features?
- What is the proposed pricing structure?
- List the range of product ideas and features, for example the innovative hot water pricing product concept may include or exclude:
 - ⇒ installation of the product package; or
 - ⇒ ongoing maintenance of the product.
- State the recommended or preferred product concept and briefly why, for example the innovative hot water pricing product may include:

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4. Target Customers or Market

- What is the target market and in which market segment – Residential, SME, Majors or all?
- Explanation of why the target market is selected
- Pin-point any specific groups that would be more favourable to the concept; for example the product will be attractive to.
- Identify market research required to better understand the potential market;
- Identify stakeholder (customers, suppliers, internal) meetings required to better understand the potential market.
- Estimate demand for product and price sensitivities
- How will the product be promoted and delivered to these markets?
- What is the unique selling proposition?

5. Market Issues and Trends

5.1. Situation analysis

- Current state of the market, in relation to the proposed product;



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- ⇒ Is there competition?
- ⇒ Does the competition satisfy market/customer needs
- ⇒ Is there customer demand for this type of product?
- ⇒ Are their external factors to consider, for example with the Environmental Product.
- Basic SWOT analysis – strengths and weaknesses of WPC in producing, delivering and selling the product to market, opportunities and threats in the market.

5.2. Future Trends

- Are there expected future trends that would encourage the development of this product.

6. Internal Process Issues

6.1. Developing the Product

- Do we have the current capabilities (capital, materials, resources, systems and money) to develop the product?
- If not, can we obtain the resources, materials, finance, systems or outsource some functions to develop the product.

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6.2. Delivering the Product to Market

- Can the product be delivered to market? Issues to consider are:
 - ⇒ Resources and Budgets, particularly referring to the areas considered above
Do we have the people or budget to deliver the product, can shortfalls in resources be outsourced? Can shortfalls in budget be funded (for eg by the sale of the product?)
 - ⇒ Legal (restrictions under our Act or by-laws or from TPA)
 - ⇒ Political (will the product concept have to be approved by Minister)
 - ⇒ Environmental (is the product environmentally acceptable, will it require planning approval in any form)
 - ⇒ Marketing (are there any restrictions to marketing the product?)
 - ⇒ Selling (are there any restrictions to selling the product – who sells the product? Are there enough resources?)
 - ⇒ Corporate (does the product conflict or overlap with any corporate objectives or initiatives?)

6.3. Which Stakeholders Need to be Involved in the Product Development Process?



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- Identify branches, divisions and managers that will need to be consulted.
- Identify external parties (eg Unions) that will need to be consulted.
Who will undertake the consultation process?

7. Financials - Revenue and EBIT Summary for First 12 months

7.1. Estimated Sales Targets

7.2. Recommend a Pricing Structure and set prices

7.3. Estimate Revenue based on price and sales targets

7.4. Estimate the product unit cost or breakeven price. This may include:

- Generation / production costs
- Corporate overheads
- Administration and billing
- Operation and Maintenance
- Capital
- Other services
- Promotion, Advertising and Direct Marketing

7.5. Estimate the Product Development Costs.

- What will it cost to develop this product?
⇒ Market research, focus studies, BIT systems work, etc

8. Budget

8.1. Product Development Costs to be Budgeted

- Marketing costs – market research, market testing, focus groups, etc
- Capital and Expenditure expenditure
- Human resource expenses
- System development expenses

8.2. Estimated Cost of Product Launch

8.3. Estimated Cost of ongoing Product Management (eg customer satisfaction surveys, ad tracking, etc)

9. Project Timeline

9.1. Proposed date for Concept Approval

9.2. Date for completion of Business Case

9.3. Proposed date for product launch

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10. Recommendations

