

# Establish Specifications Strategy

## What is this?

- When any new product or service is being developed for subsequent commercialization, it is important to completely define the expectations or requirements of that product or service. If this proper and complete specification setting process is not done, it is unlikely that the end customer will be satisfied with the product and that the firm's profit goals will be achieved.

## Examples:

- A new car is being developed, and important specifications involve: the number of seats, number of doors, what colors it is available in, expected miles per gallon (MPG), and a host of others.
- If it were a new safe-deposit box service at a credit union, for example, specifications would involve how many boxes are needed, how many different sizes, how the boxes can be accessed (and during what hours), and of course the prices based on size.
- An example of a poor setting of specifications might be when a bank installs an automated teller machine (ATM), but it seems to run out of cash as early as midday Saturday. If proper specifications would have been set, the machine would have had enough cash to last until at least midmorning on Mondays when banks would reopen.

## Why?

- If specifications are not set properly, a great deal of wasted development time and money will be spent, and a number of customers will be disappointed.

## Who?

- Both employees whose efforts could be wasted, as well as customers whose expectations may not be met should have input.

## How?

- A firm's marketing department must involve likely current and future target market customers in the development of specifications. A common error in the marketing function is thinking the latest new product is the "greatest thing since sliced bread," when in fact real customers would say otherwise.

## When?

- This strategy should be used whenever a new product or intended product revision is being planned.