

Swimming in Troubled Waters-5

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Smart Business Experiments: CKE

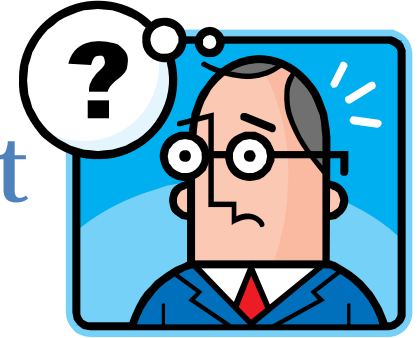
- At CKE restaurants, which includes Hardees and Carl's Jr quick service restaurants, the process for a new product introduction calls for **rigorous testing** at a certain stage.
- First -**brain storming** in which several cross functional groups develop a variety of new product ideas.
- Second -the **judgmental screening** , during which a group of marketing, product development and operations people will evaluate ideas based on experience and intuition.
- Final -Those that make the cut are developed and **tested in stores** and the executives decide whether to roll out a product system wide or modify for retesting or kill the idea

Smart Business Experiments: CKE

- CKE has attained an **enviable hit rate** in the new product introductions- about **one in four new products is successful** versus one in 50 or 60 for consumer products!!!!
- Yummy!!

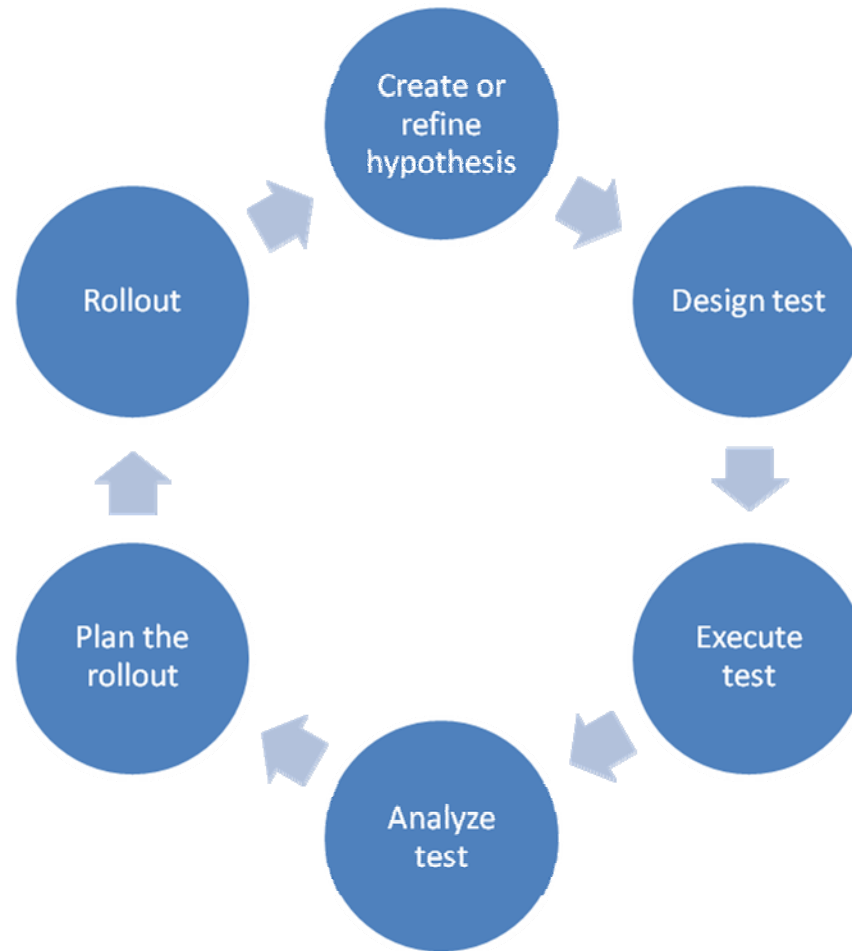


Creating a testing mindset



- **Ask for evidence:** CEO's who firmly **believe** in testing can change their entire organisations perspective on the issue
- **Give it teeth:** Jeff Bezos of Amazon reportedly **fired** a group of designers for changing the website **without testing**
- **Sponsor tests yourself:** the best management teams have institutionalized the process of doing and reviewing tests. Joe Wood of famous footwear and his senior management team meet **every two weeks** to **discuss past tests, upcoming tests and final results.**
- **Testing should be made part of the business culture** more so in difficult times!

Testing..... the 6 golden steps

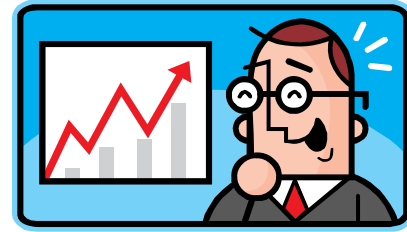


Tailor your tactics!



- Managerial training: Managers should learn what constitutes a randomized test
- Test and learn software: Most organisations like eBay have built **their own testing software** an important step to minimise costs
- Learning capture: If a firm does substantial amount of testing it will generate an equal amount of learning
- Core resource group: An important part of testing is a specialized group to serve the purpose

Sources



- “Thomas H Davenport “Smart business experiments”
Harvard business Review
- www.cartoonstock.com
- www.istockphoto.com