

CASE STUDY

Creating the Bosch CS20 Circular Saw

“Strategyn’s outcome-driven approach to innovation made it possible for us to hit a home run in the mature and competitive circular saw market. The Bosch CS20 is a breakthrough innovation and a hit with both users and our channel partners.”

Bosch product manager Jason Schickerling



CASE IN BRIEF

Bosch faced many challenges when it decided to enter the North American professional circular saw market. Using Strategyn's outcome-driven innovation (ODI) methodology, the company was able to:

- Discover hidden opportunities in a mature market among a segment of circular saw users
- Focus its idea generation on features to satisfy each of 14 underserved outcomes
- Introduce a new product – the CS20 circular saw – that dramatically improved customer satisfaction and enabled Bosch to gain the distribution support of Lowe's and Home Depot

CLIENT CHALLENGE

In 2001, the Robert Bosch Tool Company decided to enter the North American professional circular saw market. Many challenges stood in the way of their success. Randall Coe, director of product development, notes that management had four key objectives in mind: “We wanted to (1) enter the market with a saw that reflected the high-quality image carried by the Bosch name, (2) compete effectively and outperform the products produced by DeWalt and other competitors in the U.S. market, (3) ensure our product would be carried by the big-box retailers, e.g., Home Depot and Lowe's, and (4) price the resulting product at a competitive industry price point while yielding the desired profit margin.”

There had not been much innovation in this market for many years, and it was perceived as both mature and commodity-like, so Bosch knew that success would depend on the company's ability to uncover and inexpensively address market opportunities that others had missed.



“Focusing on customer outcomes enabled us to uncover over a dozen opportunities for improvement in the very mature circular saw market, many of which were previously unknown to our development team.”

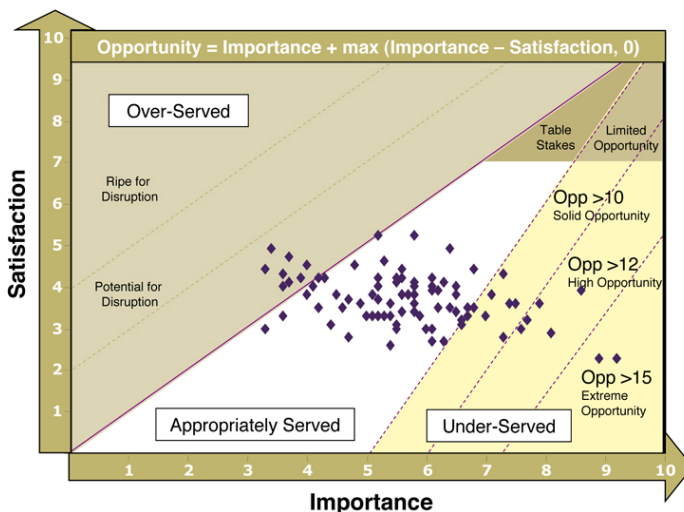
Andrew Reed, vice president of Bosch tools and services

HOW STRATEGYN HELPED

To find and address hidden market opportunities, Bosch applied Strategyn's outcome-driven innovation (ODI) methodology. Drawing on the responses of 30 circular saw users, Bosch dissected the job of cutting wood in a straight line, uncovering 85 desired outcomes (unmet customer needs). Next, using

ODI-based quantitative research techniques, Bosch had 270 users prioritize those needs. Not surprisingly, the results showed that in the market as a whole, there were no unmet needs. This meant that to discover unmet needs, powerful outcome-based segmentation practices would be required. Strategyn’s proprietary segmentation methods revealed four segments of opportunity, one of which made a perfect target for Bosch. This newly discovered target segment, which was comprised of primarily finish and advanced carpenters, represented over 30 percent of all users. The opportunity landscape for this segment (see Figure 1) clearly revealed that 14 of the 85 desired outcomes were unmet.

Figure 1: The Opportunity Landscape



The opportunity landscape for this outcome-based segment revealed a number of targets (unmet needs) for value creation. This segment represented over 30 percent of all users and became the target for Bosch’s entry into the North American market.

To learn more about the opportunity landscape, see Anthony W. Ulwick, *What Customers Want* (New York: McGraw-Hill, 2005).

Knowing where to focus its efforts was the key to Bosch’s success, as it dramatically simplified idea generation. The team went through the list of 14 opportunities, systematically generating ideas that would better satisfy each underserved outcome. Coe reports, “We started by focusing on the underserved outcomes related to the cord and devised the Direct Connect™ cord system concept. This innovation, which connects the extension cord directly to the saw, reduces the chances that users will cut the cord or catch the plug on the material being cut when making a long cut while maintaining their ability to lower the tool from a ladder to the ground using the cord. This system also reduces repair costs and down time because if the cord gets cut, the user can simply grab another extension cord and continue working. Satisfying all these outcomes at the same time is what made this a true innovation.”

“It is highly unlikely that we would have focused on these outcomes, defined this feature set, or made the right trade-off decisions without having the benefit of the outcome-driven analysis.”

Randall Coe, director of product development

“Next,” Coe says, “we focused on line-of-sight issues and devised a way in which the user can confirm that the cut is on track when starting the cut, while making the cut, and when approaching the end of the board. Designing a cutout in the table helped to better satisfy all of these underserved outcomes.” The

team went on to address the remaining unmet outcomes, in all cases devising low-cost features that would dramatically improve customer satisfaction.

THE RESULTS

Bosch successfully uncovered 14 unmet needs in a hidden segment of the user population and created a new product – the CS20 circular saw – that successfully addressed each of them. Remarkably, Bosch accomplished this without increasing product cost – a prime management objective. This was largely due to the fact that the highly regarded Direct Connect™ system significantly cut product cost while adding customer value.

“The product that resulted from this insight has generated more interest and more initial sales than any other product we have created to date.”

Andrew Reed, vice president of Bosch tools and services

Most successful new products and services improve customers' satisfaction in areas of unmet needs by less than 10 percent, but concept testing revealed that the CS20 circular saw was projected to increase the level of customer satisfaction by approximately 38 percent (with total satisfaction levels rising from 63 to 87 percent). Before the saw was released, the Bosch team used these findings to help gain the support of two key distributors: Lowe's and Home Depot. Given limited shelf space and a competitive market, Bosch had to convince them that the CS20 circular saw uniquely addressed a number of unmet customer needs and did so at a competitive price. The data made a convincing case, and Lowe's and Home Depot requested that Bosch delay the release of the product by two months so that enough saws could be manufactured to meet the anticipated demand.

In 2004, Bosch successfully entered the North American market with what is today one of the top-selling and top-rated circular saws. Bosch's innovations, which addressed cord and line-of-sight issues, resulted in a highly successful product launch and dramatic improvements in customer satisfaction. Improvements in handling, adjustments, and other functions only added to the new value created. Upon its introduction, the CS20 circular saw won accolades from *Popular Science*, being voted one of the top 100 innovative products of 2004.

Today, Bosch is successfully competing with DeWalt and others in this market and has expanded its offering to address other unique market segments.



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LEARN MORE

Strategyn is a consulting, training, and software firm specializing in the management of innovation. To learn how to make Strategyn's outcome-driven innovation methodology the cornerstone of your company's corporate innovation efforts, visit www.strategyn.com.

Publications that explain the details behind Strategyn's methodology include:

- Anthony W. Ulwick, "Turn Customer Input into Innovation," *Harvard Business Review* 80, no. 1 (January 2002).
- Anthony W. Ulwick, *What Customers Want* (New York: McGraw-Hill, 2005).
- Anthony W. Ulwick and Lance Bettencourt, "Giving Customers a Fair Hearing," *MIT Sloan Management Review* 49, no. 3 (Spring 2008).
- Lance Bettencourt and Anthony W. Ulwick, "The Customer-Centered Innovation Map," *Harvard Business Review* 86, no. 5 (May 2008).