

TEAM 5 – CRYSTAL FOUNTAINS - EXECUTIVE SUMMARY

This report provides an analysis and evaluation of the investment measures and innovation performance of Crystal Fountains Inc. Methods of analysis included Return of Investment, Effectiveness Index and Net Present Value as well as Time to Market for the new products. All calculations are presented in the report with detailed assumptions and conclusions. Results from data analysed showed that some legacy products and recently launched products have a high Return on Investment. Time to Market varied for all the products analysed between 1 to 4 years, giving an average of 2.3 years. The percentage of new products revenue and effectiveness index both had a stable and constant increase trend.

The report also stated the leading indicators that could be used by Crystal Fountains Inc. Firstly, Percentage of New Product Revenue proved to be a good measure to show profitability and transformation of product; research to investment and ensure more revenue generation, as results showed that it consistently increased from 10% to 25% for the last 5 years and Gross Profit Margins also increased from 45 to 56%. Secondly, Rate of Investments had been stable and on average 150% showed a 50% Gross Margin Percentage for each product in each year which was ideal. Thirdly, R&D Effectiveness index exhibited an exponential growth in revenue and new product innovation.

A major recommendation proposed for improvement in innovation performance was that Crystal Fountains required further investigation and remedial action by the management. More recommendations discussed were:

- Tracking every aspect of innovation in R&D department is not necessary and difficult to implement. About 8-12 metrics in measuring innovation process are recommended.

- For the R&D process to be carried out smoothly and to improve the performance of new product development, it is necessary to build up such internal database to simplify the routine work of evaluation.
- Creating an atmosphere for innovation inside the R&D department can also help to improve the development of new products.