DEPARTMENT OF CORRECTIONS

Policy Number:	**405.010**
Title:	**MINNCOR New Product Development**
Effective Date:	**11/6/18**

PURPOSE: To provide procedures and responsibilities regarding the development of new products to be manufactured and sold by Minnesota Corrections Industries Program (MINNCOR) and outline the procedure for new product development, define responsibilities within the process, and provide a time-line estimate.

APPLICABILITY: MINNCOR employees

DEFINITIONS:
New product development – process of defining and reviewing all of the pertinent facts leading to MINNCOR manufacture of new products MINNCOR is planning to sell.

PROCEDURES:

A. All employees who propose, review and approve new products for manufacture must follow the procedures outlined below.

B. The written proposal, recommendation, and corresponding approved plans are retained by the vice president (VP) of sales for future reference as supporting documents according to the MINNCOR records retention schedule.

C. Initial identification – in this phase the idea or opportunity can come from any area within or outside MINNCOR. To introduce a new product or service:

1. The product/service opportunity is presented, in writing, to the employee's supervisor/manager for review. The recommendation must include a full description of the product/service, along with an indication of market and the benefits of the product/service to MINNCOR's business or mission.

2. The supervisor/manager then writes a recommendation and submits it along with the proposal to the executive team. If the product requires partnership with a private sector company to produce the finished product to be sold by MINNCOR, the supervisor/manager must request a Dunn and Bradstreet Report® financial analysis from MINNCOR finance to aid in determination of a valid and financially stable partner.

B. Review phase (two weeks) – the executive team reviews and evaluates the proposal to determine viability and match to MINNCOR's mission.

C. Investigation phase (30 days) – once the executive team approves the proposal for further development:

1. Assign the appropriate account manager the task of confirming the market opportunity. The account manager must develop a position paper on the market potential with respect to target customers, revenue potential, competition and product/service life cycle.

2. Assign MINNCOR operations the task of confirming manufacturing capability. Operations must develop a statement of capability based on location, expertise, tooling, and expense to develop the needed capacity and production capability in addition to offender employment potential, as well as provide a start-up time.

3. The account manager must do a preliminary investigation through presentations to selected customers to gain initial market reaction to the addition of the product/service based on proposed features, benefits, and pricing. A recap of results must be prepared and presented for review along with a proposed forecast of sales.

4. MINNCOR finance must prepare a cost benefit analysis and recommendation with the marketing, sales, and operations data.

D. Proposal presentation – once completed, the proposal is presented to the executive team for final approval. After final approval, the industry director must develop the business plan and MINNCOR sales must develop the marketing plan.

E. Business plan (two weeks) – the industry director, having charge of the product line, must develop the business plan. The plan must incorporate all information gathered during the process including time lines to bring to full production.

F. Marketing plan (two weeks) – the account manager must develop the marketing sales plan, including a market entry strategy and ongoing market development tactics.

G. Sales plan (two weeks) – MINNCOR sales must develop a plan to target customers and follow up on marketing programs.

H. Presentation – once all plans are developed and time lines approved, a presentation is made to the industry directors at a special meeting or a scheduled quarterly meeting.

I. Time line – approximately 60 days.

INTERNAL CONTROLS:

A. Proposals, recommendations, and corresponding plans are retained by the VP of sales, in accordance with MINNCOR's records retention policy.

ACA STANDARDS: 2-CI-6A-4

REFERENCES: Minn. Stat. § 241.27

REPLACES: Division Directive 405.010, "MINNCOR New Product Development," 8/5/14. All facility/unit policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: None

APPROVALS:

Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services

Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support