

CASE STUDY

CEDARLINE INDUSTRIES. LTD.
MAY 2009

Cedarline Industries Ltd. is a manufacturer and wholesaler of cedar fencing and decking lumber products for the North American Market. They have been in business for 6 years. Cedarline exports custom clears and value-added components for millwork and furniture manufacturers. The on-site fabrication division produces fencing panels, lattice, gates and garden accessory products. The Cedarline facility is 70,000 square feet and they process over 50 million board feet of lumber annually. They are known in the market for quality and competitive pricing.

Although Cedarline's key personnel have over 15 years of experience in this industry, at 6 years old, the company is seen as a newcomer to the market. A market in which most major accounts have been secured for decades by established companies. After receiving feedback from their dealers that they would need to offer something new or better than what they already had they would not 'get in the door', Cedarline decided to embark on a new product development project.

The Development Process

After participating in one of FPIInnovations' product development seminars, General Manager Harpal Dhillon, contacted FPIInnovations to discuss the idea of working together on a product development project. FPIInnovations has a team of product development experts to draw on with expertise in design, engineering, design for manufacturability and market research. Cedarline decided that the inclusion of a product designer would offer a fresh perspective and provide expertise that they didn't have in-house. They put together a development team that included expertise in sales, marketing and production as well as an industrial designer from FPIInnovations. Involving a product designer for these types of products (in which innovation which has been largely absent for some time) was key to moving away from what exists.

The process began by undertaking 'opportunity scouting' activities. The market was investigated, the company's capabilities and business goals determined, and new product development opportunities identified. This phase resulted in the identification of three distinct product directions.



Responding to the trend toward outdoor 'rooms' the development team identified space dividing screens as a potential product for the DIY market. Cedarline also identified the need for a line of gates that would appeal to consumers who wanted to make a statement in their yards. And finally, they noticed a gap in the market for a differentiated pre-built fence panel. Cedarline felt confident that the market could bear a new fence panel design. Consumer research completed by FPIInnovations a few months prior supported this premise and indicated further that consumers would be willing to pay up to 20% more than the panels currently on the market for a new and improved fence panel.

Next, the development team compiled this information into a design brief for the project. The brief included information about the current market situation, their own capacities in terms of manufacturing and marketing as well as the project goals and direction. The design brief is a project planning document that specifies what the project has to achieve, by what means, and within what timeframe. For Cedarline, the design brief helped keep the project focused and on track.

CASE STUDY

With experience leading brainstorming sessions with manufacturers, FPIinnovations helped Cedarline get the process going. Initial brainstorming sessions with Cedarline were held to expand each product direction into as many ideas as possible. These ideas were then developed into rough product concept drawings which were weighed against priorities like strategic alignment, market attractiveness and technical feasibility. Ideas that were deemed too great a departure from what already existed on the market were banked for possible later development. The most viable products were prototyped, further refined and production issues were identified and solved.

As the prototyping began, Cedarline encountered the classic resistance to change from within their production department. However, the development team leader persevered and in the end the technical issues were solved within the target cost and without compromising the integrity of the product design. When Cedarline was satisfied with the end-products, they were photographed and integrated into their existing promotional material. Four months after beginning the project their 'design series' outdoor products were launched.



The Results

All six of the new products achieved market penetration within months of launching. Cedarline attributed their success to unique design and reported that as a relative newcomer to an established market, the new differentiated products "get them in the door" of potential retailers. The new products command a significantly higher margin than their standard products. For example the fence panel is selling for a 20% higher margin than the commoditized versions with no increase in manufacturing cost. Cedarline's Harpal Dhillon commented at the end of the project, "cheap supply lines or production efficiencies are not the only secret to success...." They are now being seen as innovators in their sector and when buyers are looking for something new, they talk to Cedarline.



For more information please contact:

Roland Baumeister
604 222 5672
roland.baumeister@fpinnovations.ca

