New Product Excellence

A Newsletter from J. H. Welsch Consulting, L.L.C.

To Gate or Not to Gate…

Some people believe that a phase-gate system is the only effective way to generate new products. Others feel that it is overly restrictive and that it will ignore opportunities for disruptive innovations, producing only incremental improvements. Though they seem mutually exclusive, I think both parties are correct!

While a company's vision and strategy are the responsibility of corporate leadership, the people who do the heavy lifting must have a high level of control over product definition and process execution.

Consequently, the most effective way to provide autonomy to a project team while assuring that a new product is aligned with the company's vision and strategy is through infrequent but well-defined control points where corporate leadership can determine whether a project is on course. Whether these control points are called reviews, screens, filters or gates and whether the periods between them are called stages, phases or something else is inconsequential and strictly a matter of semantics.

However, far too many companies have instituted so-called "Stage Gate®" processes that are overly restrictive, cast executives in the role of judges and place excessive emphasis on financial factors. These embodiments do stifle creativity, disregard disruptive opportunities and rarely result in truly innovative products. Sadly, they taint the reputation of a methodology that is fundamentally sound.

A sound NPD process is sufficiently flexible to apply just as much rigor as is justified by a project's risk and no more. In a collaborative corporate culture, executives play the role not as judges but as coaches, mentoring team members to either complete the project successfully or, when necessary, reject it. Furthermore, a well designed process does not rely heavily on financial characteristics early in the process as doing so will almost guarantee the rejection of a truly innovative concept due to its inherent risks and unknown return.

If your company's process is rigid; if executives act as judges, passing pet projects through while unjustly challenging others; if it relies heavily on financial metrics, it will almost certainly fail. Designed and executed properly, however, a process that features a high degree of team autonomy combined with collaborative executive guidance is highly likely to succeed, no matter what you call it.

["Stage Gate®" is a registered trademark of Stage-Gate Inc.]

NPD in the Outstanding Organization

A client recently gave me a copy of "The Outstanding Organization" by Karen Miller [ISBN 978-0-07-178237-0]. In it, Ms. Miller suggests that the root of a company's performance issues is chaos and that chaos can be minimized by addressing four factors within an organization; Clarity, Focus, Discipline and Engagement. Now, this is neither a synopsis nor a book review; I will simply suggest that you read it for yourself. However, as I read it, I could not help but reflect upon how it relates to the process of new product development.

Most people with any experience in new product development would agree that, while there may be a certain degree of chaos inherent in the process, in far too many cases there's far too much of it. Let's examine how a robust NPD process impacts the four factors delineated in the book.

Clarity. How much of your time do you spend in a typical day trying to clarify information that is unclear or incomplete? How many times have you finished a task only to learn that what the boss really wanted was not what she asked for? Lack of clarity wastes time and effort and is a major cause of frustration. An effective NPD program must start with corporate and NPD strategies that clearly define what the company is about and what kinds of products are within its target arenas. The company must assure that the process clearly defines the company's project selection criteria. That is, what information the executives require and what it takes to get approval. Before design is begun, specifications must be clear, complete and based on customer input, not supposition. Finally, roles and responsibilities of all parties must be clearly defined and universally understood.

NPD in the Outstanding Organization (cont.)

Focus. W. A. Mozart, one of the most prolific composers of all time, said, "The shorter way to do many things is to do only one thing at a time." While few of us would take his message literally, it's clear that jumping from project to project results in an incredible waste of time as the mental transition is made and frustration as each project inches along. Far too many companies have portfolios with many more projects that can be handled effectively. A process that effectively weeds out the good projects to focus resources on the truly great ones yields results far superior to the norm.

Discipline. Some say discipline discourages innovation. Admittedly, arbitrary "red tape" is discouraging. Appropriate discipline, however, actually makes innovation more effective by directing it towards products that will be com-

mercially successful. A disciplined system is essential for discovering the user needs that will make new products unique and successful. A well-designed process provides the efficiency needed to get the innovation done quickly and without wasted effort. A structured method for presenting information to management takes much of the work out of preparing presentations and facilitates management's decisions, further reducing frustrations for all parties. All in all, discipline that is appropriate and proportional to the risk involved will greatly improve the efficacy and efficiency of new product development.

Engagement. Fully engaged people are much more effective than those who are working only for a pay check. Ms. Miller contends that engagement of associates is greatly influenced by what

she calls the "3 C's"; Connection, Control and Creativity. An effective NPD process relies on clear and widely-communicated corporate strategies. Working in such an environment, associates feel a strong connection to the strategies and to the company's success. A good NPD process gives a high degree of autonomy and control to the project teams, applying corrective stimulus only when needed. Finally, the knowledge that one has helped create an innovative new product is a powerful motivator and a reward in and of itself.

If you want to develop outstanding products, you must have, or be willing to implement, an outstanding process within an outstanding organization. Key elements are clarity of vision, unwavering focus on the few truly great opportunities, appropriate discipline and sincere engagement.

Our Offering

Assessment - "Prescription without diagnosis is malpractice." We will work with you to assess your strategy, culture, people and process and to create a plan to build on your strengths and mitigate your weaknesses.

Process Development - Based on core methodologies and an assessment of your realities, we will work with you to create a process that gives you an appropriate level of control while minimizing unproductive and dispiriting red tape. We also offer customizable templates and tools that greatly facilitate the process by reducing workload and improving communication.

Education and Training - Once a process has been developed, we can provide both education and training; the former to develop understanding of the principals and the latter to develop understanding of how the game is to be played. If needed, we can also do training in team dynamics to assure that your teams are working collaboratively.

Discovering Customer Needs - Asking customers what they want is necessary, of course, but it only scratches the surface. Understanding of customer needs involves intimacy between key developers and customers at all levels in the distribution chain. We can help you discover a methodology to delight your customers by solving problems of which they were not even aware.

Oversight - It is only in the heat of a real project that you will discover what works and what does not. We can work with you through a project or two, meeting periodically with members of both executive and project teams, to refine the process to your satisfaction.

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