

# Strategic Management of Product Development

## *A disciplined approach*

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Organizations demand valid product delivery dates. First, leverage this mandate to develop valid product delivery schedules. Use this to increase the project management skill set of the Office of Product Development staff and to teach project management methodology to the business units. Use this as a time to assess the challenges and needs of the business units. Second, get clarity on the purpose, mission, roles, and responsibilities of the three players (steering committee, OPD, and business units) involved in product development. Third, plan the strategy and tactics of the Product Development Office – write its business plan. Finally, instill project discipline in the product development teams using product launches and progress reviews as the tools to motivate adoption.

### Opportunities

- Charter of the steering committee for oversight of product development.
- Charter of the Office of Product Development.
- Charter of the Business Units
- Increasing the impact of the Office of Product Development.
- Strategic plan for implementing project management methodology and discipline.
- Reducing new product development cycle time.
- Implementation of product development software.
- Risk Analysis and Contingency Planning

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**New products account for 5%–10% of sales but for 50% of the gross margins.**

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### Charters

There may be a need to charter the Steering Committee, Office of Product Development, and the Business Units.

- What are the purpose, mission, goals, objectives, and boundaries for each in Product Development?
- What is their responsibility for the product?
- The product development process?
- Multiple product development processes?
- Management of the product development processes?
- Learning of how to develop products including processes and management?

### Steering Committees

This steering committee is an implementer of corporate strategy. Committees, such as this one, emerge to be the centers of change in the corporation. This committee can serve as a model for others.

- Improving product development gains senior management support and commitment through the steering committee.
- Project visibility has been raised to a senior level. The lack of progress will be painfully obvious.

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- The steering committee has a mandate to accelerate new product development and to improve the veracity of the process.
- Project life cycles may be six to eighteen months or longer. What is the best strategy to influence the product development process? Meeting quarterly, as an example, does not exert much influence on an eighteen-month project cycle.
- How good, to what result, does the steering committee want the product development process be? How committed are they emotionally to this standard?
- A thin line runs between micro managing and sufficiently influencing to change behavior. Updates should be frequent because strategic importance and the short life cycles. Frequent updates permit the committee to exert a sense of urgency and to influence a change in behavior.
- The steering committee's relationship to a product will change as they and the teams learn to trust each other. Updates can vary by team, by product, by business unit.
- Who is the secretary of the steering committee? Who writes the agenda? Who organizes the information into a format digestible by the committee? Who conducts the meeting? Who writes the minutes?
- How will the steering committee project their influence to international subsidiaries or newly acquired companies?

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### Charter of the new product development office

- An OPD has to lead from behind. The power is in the product development teams. The people in the office have to teach, coach, counsel, and confront the teams to deliver products.
- The project support staff will be the honest brokers, veracity auditors, and the truth vendors. They will provide the tools and systems that stand up to corporate scrutiny.
- An OPD has to be intentional about relationships. Who has account responsibility? Who is responsible for the relationship with the business unit?
- An OPD has to be intentional about influencing products. Who has product team responsibility? Who is responsible for the relationship with the product team? This charge allows the creation of a product liaison, facilitator, or coordinator. We hear each staff person relating to all sixteen teams. How to project OPD influence is a challenge.
- An OPD staff could be four-hatted – one for their specialty, one for project team processes, one for project management, one for unique issues of product development such as rapid prototyping. Each person would know teams, project management, and product development besides their technical specialty.
- Product team liaisons must possess a strategic perspective. They will be responsible for instilling the product development processes, project management, project team processes, and learning. This person will need to understand the different businesses, the transformation in health services, and the competitive environment.

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**An OPD has to lead from behind.**

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### Strategic plan for implementing project management methodology

- Is there a plan for teaching, then tightening the controls?
- How are SOP's promulgated?
- What about enlisting the steering committee in implementing?
- What are the essential components of project management that must be used?
- What can be flexible? INTEL was flexible on letting the recast of remaining required effort. They were rigid for everyone reporting their effort and the effort remaining – weekly – every week for the three-year project cycle.
- There is a need to plan the business need, the product need, the project need. Then, plan the implementation. This is a good way to teach others in the office the people issues of project management. This rollout could be eighteen months long. Project startups are a place to instill the methodology on new teams. In eighteen months, all teams should start over.
- Many opportunities exist to leverage this implementation. Gaining veracity of the schedule offers many. Launching Product teams offer others. Installing corporate requirements for plans, schedules, updates, and similar project management standards offers more. SOP's for project management procedures create another set of opportunities. These need to be incorporated in an OPD business plan.

### Reaping the return on project management discipline

- Documenting the product development process provides insights into the entire process. A product or new service may contain many components (Ford has 3000 in a new car platform). Components will flow through the same process (tasks) – design, procure, prototype, test, etc. and will have a similar task list. Each component will pass through the same gates as in downhill ski slalom. With a scheduling program, each component could have its own project process. A product can then be a project of three hundred projects.
- Once a new product team identifies the components, they must spend energy on estimating the effort or duration. They may be reluctant to plan in detail. A planning process needs to ensure the right people plan in the right detail at the right time.
- The OPD can delegate the scheduling, reporting, and project management to the individual component manager. With 300 components, for example, each on a similar project path, the completion of each task (phase) is a deliverable. The key is keeping them all herded through the gates at a time appropriate for that component.
- Reducing product development cycle time. As project management becomes ingrained, the opportunity becomes cutting cycle time. Put teams of people in separate rooms and ask each to cut the development time by 25%, 50%, and 67%. They would report out using a structured standardized report. The brilliance will be impressive. An exercise such as this one would provide excellent opportunities for the next product team to ponder.
- Dedicated Product Development teams. This is crucial during product market launches. People not having their time diverted into hundreds of streams do work.
- With a valid schedule, teams can measure their personal bests.

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### Implementation of product development software

- Simple, useful, project management software can be a powerful tool – a tool that records the plan, tactics, logic. Teams can provide their own schedules. They can teach the tool one-on-one. Teaching the tool allows teaching project management methodology. They best teach it with a real project.
- The tool could be on an intranet with project sites for each new product. This is the one reason several people have selected Microsoft Project. Solutions need to have a global perspective.

### Risk analysis, contingency planning, and crisis management

- Product development people may wait to hit a problem before dealing with it.
- There are excellent methods for looking at risk – we embed this in Plan-to-Plan™ – then contingency plan the options for responding to the problems before they happen.
- We can project the effort for each contingency, cost it out, and be ready to implement. There may be a myriad of known risks.
- As you reduce product time, risk analysis and crisis management become crucial. Damage control is paramount to keeping the product on line.

### Imperatives

- The purpose, mission, goals, and metrics for the steering committee needs to be defined. The steering committee becomes the agent of change for the corporation.
- Responsibilities for projects, for project process, for project management, for the learning of the committee, product teams, for the organization, for project support people need crystal clear clarity.
- List values, expectations, and beliefs driving product development. Both actual and desired require examination.
- Identify the responsibility for perpetual quality improvement of product development.
- Quantitize the product development process, numbers of products, types of projects, and their life cycles.
- Write progressive requirements for project management tools, controls, and processes.
- Develop metrics to measure the result, scope, performance, and quality of products and product development processes.
- Adjust the role of the product liaison to each project team. This role will vary.
- The construct of the product team needs to be defined. The construct needs to meet the needs of the product development at each point in the life cycle.

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### Strategy

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