

A New Look at Change Management: Lessons Learned from New Product Development Practices

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Introduction

- ◆ Basic premise – People are more likely to accept change if they “buy” into it
- ◆ New Product Development is all about building products that people will buy
 - Products must meet a need
 - Products must be marketed in a way that appeals to the buyer
- ◆ This is an interactive discussion
 - Let’s learn from each other

Topics

- ◆ New Product Process
- ◆ Portfolio Management
- ◆ Voice of Customer

New Product Process



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Phases of Product Development

- ◆ Opportunity identification
- ◆ Concept generation
- ◆ Concept evaluation
- ◆ Development
- ◆ Launch

Opportunity Identification

- ◆ Sometimes called the Fuzzy Front-End
- ◆ Activities
 - Market planning
 - Corporate planning
 - Strategy to own a market
 - Special opportunity analysis
 - Untapped opportunities such as underutilized skills

Concept Generation

- ◆ Identify a concept that fits the opportunity
- ◆ Begin involvement of customers
- ◆ Activities
 - Problem based ideation
 - Inside and outside sources
 - Preliminary test assessment

Concept Evaluation

- ◆ Evaluate concept potential
 - Technical solution
 - Marketing strategy
 - Financial opportunity
 - Activities
 - Market requirements
 - Screening and pre-technical evaluation
 - Evaluate definition and business case
 - Concept testing

Development

- ◆ Includes technical and marketing tasks
- ◆ Technical activities
 - Design
 - Prototype
 - Production planning
 - Testing
- ◆ Marketing activities
 - Marketing plan
 - Packaging and branding
 - Budget planning
 - Financial plan

Launch

- ◆ Commercialize plans and prototypes and begin distribution and sale
- ◆ Activities
 - Market testing
 - Strategy and launch plan
 - Launch management
 - Implement operations
 - Transfer to mainstream business

After Launch

- ◆ Commercialization
 - Channel development
 - Partnerships
- ◆ Post launch audit
 - What went right/wrong?
 - Potential improvements
 - Lessons learned

Portfolio Management



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Definition – Information Technology

- ◆ **IT portfolio management** is the application of systematic management to large classes of items managed by enterprise Information technology (IT) capabilities. Examples of IT portfolios would be planned initiatives, projects, and ongoing IT services (such as application support).

- Wikipedia

Definition – Product Development

- ◆ Portfolio management is a dynamic decision process whereby a business's list of active new product and development projects is constantly updated and revised. In this process, new projects are evaluated, selected and prioritized; existing projects may be accelerated, killed or deprioritized; and resources are allocated and reallocated to active projects.

From Cooper, Edgett, and Kleinschmidt – multiple references

Applying Portfolio Management to Product Development

- ◆ Doing projects right
 - Do only as many project as you have resources to support
- ◆ Doing the right projects
 - Maximize value (revenue/profit)
 - Obtain the right mix
 - Do projects that support corporate strategy

Four Goals of Product Portfolio Management

- ◆ Maximize value of product portfolio based on resource expenditure
- ◆ Obtain the right balance or mix of products
- ◆ Align product portfolio to strategy
- ◆ Achieve the right number of product development projects for available resources

Goal 1 – Maximizing Value

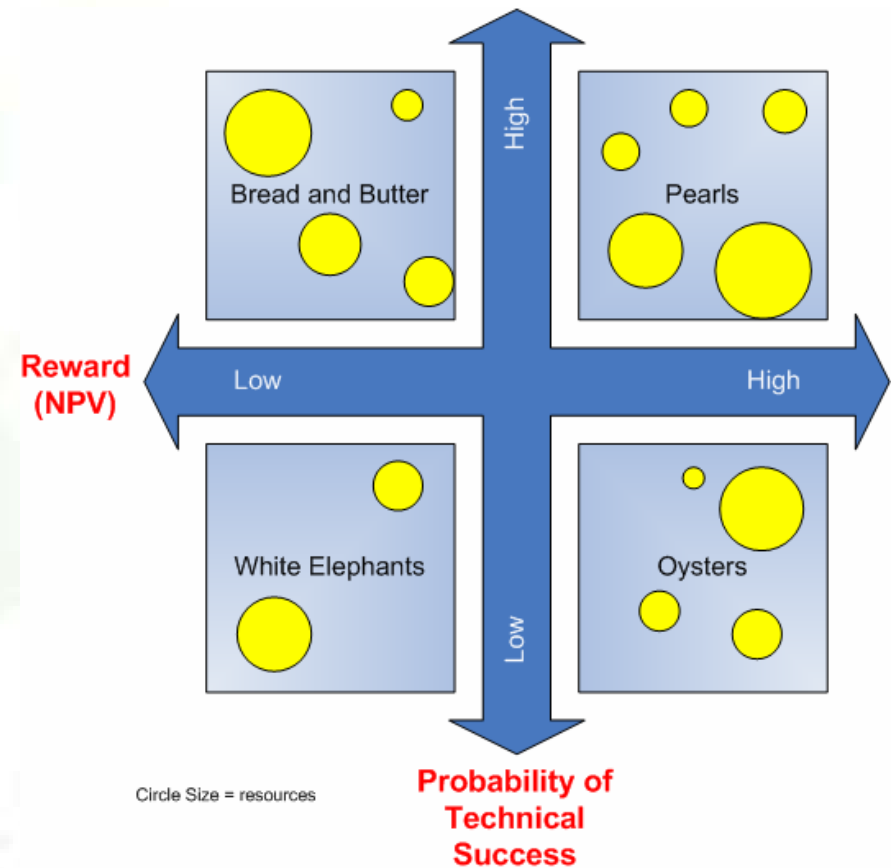
- ◆ Allocate resources to maximize the value of the portfolio
- ◆ Tools
 - Net Present Value (NPV)
 - Expected Commercial Value (ECV)
 - Productivity Index (PI)

Goal 2 – Balance

- ◆ Based on key parameters
 - Risk versus reward
 - Newness
 - Easy versus market attractiveness
 - Competitive strength versus market attractiveness
 - Cost versus timing
 - Strategic fit versus benefits
 - Cost versus benefit

Visual Evaluation – Bubble Diagram

- ◆ Interactive discussion:
 - What measurements would make sense for internal products?



Goal 3 – Strategic Fit

- ◆ Does spending breakdown reflect strategic priorities
- ◆ Two approaches
 - Bottom up – build into product selection tools
 - Top down – review how all products fit into different strategic “buckets”

Goal 4 – The Right Number

- ◆ Quantify project resource demands against resource availability
- ◆ Potential outcomes
 - Reprioritize pipeline
 - Rethink revenue projections and goals
 - Identify process bottlenecks and shift personnel

Scoring Models

- ◆ Ranks projects against a set of criteria
- ◆ Typical criteria
 - Reward
 - Business Strategy Fit
 - Strategic Leverages
 - Probability of Commercial Success
 - Probability of Technical Success

Final Thought on Portfolio Management

- ◆ The marketing message to internal customers must include WIIFMs
- ◆ Tying projects to strategy helps clarify those connections

Voice of Customer/Market Research



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Goals

- ◆ Exploration of ideas and concepts
 - What do potential customers think of the idea
- ◆ Midcourse evaluation
 - Optimize the idea
- ◆ Late concept evaluation
 - Estimate sales potential

What is VOC?

- ◆ Customers can be internal or external
- ◆ Customers are the direct recipients of a product or service
- ◆ They represent the most important voice in product development
- ◆ Their voice defines good versus bad
- ◆ Customers have expectations for features, experiences, and quality

Types of Market Research

- ◆ Secondary Research
- ◆ Focus Groups
- ◆ Customer Visits
- ◆ Surveys

Benefits and Drawbacks

Type	Pros	Cons
Secondary Research	Relatively inexpensive	Potentially biased, unknown assumptions, not for disruptive products
Focus Groups	Observable reactions	Dominant player, moderator is key, conclusions for group only
Customer Visits	Provides good insight into needs and reactions of customers	Small sample set
Surveys	Precise and objective, detailed, provide a lot of statistics	Don't learn whys, can't explore new directions, only as good as sample

Approach

- ◆ Set expectations for process and goals
- ◆ Be prepared
- ◆ Remain objective
- ◆ Explore problems beyond stated needs
- ◆ Evaluate options
- ◆ There are no bad ideas
- ◆ Avoid leading questions and discussions
- ◆ Do not offer definite solutions
- ◆ Play the role of a student

What to Listen For

- ◆ Problems
- ◆ Needs
- ◆ Wants
- ◆ Barriers to change
- ◆ Potential marketing messages

User Testing

- ◆ Product use testing
 - Use under normal operation conditions
 - Allows problems to be corrected before launch
 - Common form is beta test

Other Potential Topics

- ◆ Strategy and vision
 - Aligning corporate strategy with product strategy
 - Balanced scorecard – how does it apply?
- ◆ Organization and teams

Thanks!

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