Gated development processes have been around for over 25 years now and I rarely come across a company these days that does not have some form of a gated process in place. A gate review process, when well implemented, allows leadership to evaluate projects from a business perspective at critical junctures, leaving day-to-day project execution to an accountable project team. Then why are so many of these same companies falling short of their innovation goals?

Kalypso conducted a study of 30 companies across multiple industries and found that, while all claimed to have a gate review process in place, few went very far beyond a list of phase objectives and deliverables. Their project teams lacked sufficient guidance and tools needed to plan, monitor, and successfully execute product development projects. They were missing the “how”. In other words, guidance on what happens “between the gates”.

This viewpoint is the first in a series that explores key steps in the product development process. The focus is on execution with practical tips for project teams.

Opportunity Proposal Development

An opportunity proposal, sometimes referred to as a project charter, is an initial analysis of a proposed product’s business opportunity, the proposed project’s scope, and the rough plan to deliver it. It is created in what most companies call their “concept phase”. The ultimate objective of this first step in the development process is to determine if the proposed new product concept warrants investment in full product definition and project planning activities.

Sounds simple, right? Well, not so fast. Most of the companies we studied get “wrapped around the axle” when defining this seemingly straightforward step. Typical frustrations include:

- How can you expect someone to come up with a market projection or project plan before the product concept is fully defined?
- Where does idea generation end and opportunity proposal development begin?
- How do we know if the product concept is technically feasible?

Here are some practical tips for concept champions or project teams who want to improve their opportunity proposal development.

1. **Avoid the temptation for too much detail.** Successful companies balance the desire for market and project plan detail with the need to move quickly and with minimal resources during the concept phase. This way, they can evaluate more opportunities and quickly narrow to those that rise to the top and fit the business strategy without spending too much money or taxing too many of their scarce resources. How is this accomplished? The data in the opportunity proposal should be based on assumptions. The focus of the concept phase gate review is on key business case and customer need assumptions and the plan to validate those assumptions during the subsequent project planning phase. The opportunity proposal, should it get approved, evolves into a fully validated business case during the project planning phase.

2. **Establish clear phase entry and exit criteria.** The line between idea generation and opportunity proposal development is fuzzy in many organizations. This fuzziness can lead to lots of front end churn, confusion over which ideas have been funded, and worse, “skunk works” side projects that consume scarce resources. Establishing a formal project selection process that defines who decides, when, and how projects are initiated and funded, will help eliminate the front end confusion. Some companies include project selection as part of a quarterly portfolio review where product line roadmaps and development capacity are also examined. Others have stand-alone project selection meetings cadenced by the capacity of the development pipeline’s front end. Whichever approach you take, the difference between a funded opportunity and an idea needs to be clear to everyone in your development organization.

3. **Separate technology development from product development.** Companies must ask themselves whether or not a potential concept is technically feasible. Technology uncertainty adds risk to your project schedule. While technology uncertainty may be unavoidable, it can be managed by separating technology development (i.e., invention or discovery) from product development and building a technology assessment step into the front end of your product development process. In doing so, you can avoid entering full-scale development with unpredictable technologies that have not yet been reduced to practice. If too much “invention” is done during
development, the uncertain timing makes scheduling difficult, leading to missed launch windows. The earlier you can identify potential “show stopper” technologies the better (i.e., fail fast). At a minimum, you should assess the status of required core technologies relative to agreed-upon performance thresholds as part of opportunity proposal development.

A well-defined opportunity proposal development process addresses the most common frustrations and questions. It provides just enough information on the market size and strategic fit without spending excessive time and money, establishes clear concept phase entry and exit criteria, and sets the wheels in motion to answer the technical feasibility question early on.

In future volumes of Between the Gates, we will take a look at other key steps in the product development process, including product requirements generation, beta test planning and execution, and market introduction planning.

More Reading:

Between the Gates, Vol. 1: Opportunity Proposal Development
Between the Gates, Vol. 2: Product Requirements
Between the Gates, Vol. 3: High Level Design
Between the Gates, Vol. 4: Beta Test Basics
Between the Gates, Vol. 5: Market Launch Planning & Execution
Between the Gates, Vol. 6: Resource Management

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What’s your view? Add your question or comment
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