Between the Gates, Vol. 6: Resource Management

Practical tips for new product development

by Noel Sobelman

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 phase, stage, or toll gate 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. So 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 sixth in a series that explores key steps in the product development process. The focus is on execution with practical tips for project teams.

Resource Management

An overloaded development pipeline is one of the chronic problems companies are faced with today. Virtually every company experiences it, but most struggle with how to deal with it. This viewpoint explores where resource approval decisions are made, who makes those decisions, how the decisions are executed, and why it is so important.

Where and Who

Phase reviews are an ideal forum for making resource allocation approval decisions. When a cross-functional governance team says “yes” to an investment decision to continue funding a promising project, they are, at the same time, saying “yes” to the staffing plan the project team proposes. Think of it as a two-way agreement - the governance team approves allocation of the staff the project team needs and, in return, the project team commits to deliver to the objectives of the next development phase. For this approach to work well, it requires some upfront work. That’s where the “how” comes in.

How

In advance of the phase review, project teams work with functional managers (or dedicated resource managers in larger organizations) to negotiate staffing plans taking development portfolio priorities and downstream constraints into consideration. Spreadsheets or enterprise planning tools, such as product portfolio management (PPM), are great for this type of analysis, providing aggregate demand and capacity visibility by function, role, and skill set. They also enable powerful “what if” analysis where different scenarios can be analyzed. By the time the team gets to the phase review, they can confidently stand behind their proposed staffing plan and be prepared to answer any resource allocation questions that might come their way. This allows the phase governance team to focus on the decision at hand.

Why

Growth through innovation is on the mind of virtually every corporate executive. However, most are extremely cautious when it comes to hiring to expand development capacity. Instead, they are turning to improved development productivity to increase innovation throughput. Some are taking the additional step to reshape the mix of their development portfolios, balancing incremental innovation with enough breakthrough products to move the growth needle. Regardless of which approach you take, a disciplined resource management capability with a tight linkage to your phase gate process is a must.

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Between the Gates, Vol. 4: Beta Test Basics

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For the past 25 years Noel has worked extensively in the areas of innovation strategy, product development, portfolio management, product commercialization, and the software systems that enable innovation. His industry background includes experience with high technology, life sciences, consumer packaged goods, industrial, and renewable energy companies. He is a frequent speaker, researcher, and writer on innovation effectiveness, disruptive innovation, and time-to-market reduction.