Innovation Measures #2 - Development Cycle Time

by Bill Poston

The total amount of time required to turn an idea into a marketable product varies dramatically – and it should. Some ideas take longer to percolate while others need to simmer while a market matures for them. Measuring total cycle time is not very meaningful nor helpful for the Chief Innovation Officer.

Conversely, measuring the development cycle time of innovation initiatives can be very useful. In most industries, speed provides an advantage to the company that can get their product to market first. In addition to capturing more revenue and market share, a company that rapidly develops innovative products is able to experiment more at lower cost and create option value in the innovation portfolio.

Defining the metric as the elapsed time between the gate where you decide to begin development (typically, this follows a concept feasibility and detailed planning phase) and the first market launch gives you a true measure of product development time. Separating and reporting this metric by type of innovation initiative avoids the problem of comparing the cycle time of a small line extension to a big, breakthrough project.

Shrinking development cycle time has been an objective of leading innovators for over twenty-five years. Preston Smith first published Developing Products in Half the Time in 1991 and Wheelwright and Clark came out with their book, Revolutionizing Product Development, the following year. Both of these important books espoused the value of speed. Measuring development cycle time by type of innovation initiative gives the Chief Innovation Officer important information about the firm’s processes, capabilities, and maturity.

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For the past 30 years, Bill has helped executives in technology-driven industries transform their competencies to deliver results. He is a highly regarded consultant, speaker, and writer on the topics of innovation strategy, product development, portfolio management, technology commercialization, and the software systems that enable innovation. Keep up with Bill's latest research and thoughts on innovation and the rising role of the Chief Innovation Officer at www.TheChiefInnovationOfficer.com.