Kill New Product Development Projects Faster!

by Michael Glessner

I recently listened to an executive defend a pet project – no one in the room was convinced. To me, this individual’s level of credibility was significantly diminished and the value creating performance of their project’s decision making process was in question.

After this experience, I couldn't help but think about the more effective methods I’ve seen executives use in their approach to managing product development. I have worked with new product development (NPD) professionals for many years, and during that time the executives with the best records of shareholder value creation are those who systematically kill NPD projects as early in their development lifecycle as possible. They objectively analyze the strategic fit and business case for a given project and without emotion eliminate those that don’t measure up. Often this work is done by empowering and actively encouraging decisiveness in their gatekeeper teams who have the responsibility to fund or stop projects at gate review meetings, or portfolio teams that holistically review all project activity.

From one perspective, their approach may seem cold, ruthless and decisive, but with so many companies resource-constrained in product development these days, it’s difficult to understand why this project decision making approach tends to be the exception and not the rule. Executives should not get emotionally involved with any project effort. Instead, they should present a relentlessly objective face to the organization as they evaluate the merits of NPD projects.

Executives can empower their decision making process by understanding the nuances of the process and how accurate and precise business case valuations are at every stage of your development process. Effective decision makers ask informed questions regarding the justification of whether a project truly addresses a customer need and acts on those findings. They learn how to pull the source business case data from analysis tools and build rigor into their market and business case justification process.

Finally, the most successful executives ensure their process gate keepers and portfolio managers understand their responsibility to employ the same amount of rigor in their approach to the NPD process and are recognized for their efforts.

For additional thoughts on improving NPD performance, consider:

- “Driving Innovation in BioPharma” white paper which explores ways to manage growing complexity through PLM: http://kalypso.com/viewpoints/resource/driving-innovation-in-biopharma/
- “Beyond Compliance, Medical Device Product Development,” white paper which explores the product development needs of medical device companies within their regulated industry: http://kalypso.com/viewpoints/resource/beyond-compliance-medical-device-product-development/

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