VIEWPOINTS ON INNOVATION

Missing Your NPD Targets? Five Indicators that Improved Resource Management Can Help

by Barbara Schick and Lee Peterman

If a manufacturing company committed to deliver 100 items per day to a customer from a line capable of producing only 50 items per day, it would not stay in business for long. Capacity planning is standard for manufacturing, but many companies don’t diligently capacity plan their new product development (NPD) pipeline, and some expect managers to just “figure it out”. Later, they wonder why their projects are consistently late or miss target market windows.

Just like manufacturing, effective NPD needs to include an understanding of real capacity and available resources for execution. In fact, this should be a critical evaluation parameter at every gate of a phase-gate process. With better visibility to resource availability and downstream capacity constraints, managers can make informed decisions and avoid overcommitting, under-delivering, losing opportunities, missing targets, and missing delivery dates. By reviewing resource skill sets and cross functional availability relative to project needs and strategic priorities, companies can ensure smooth-running, successful product delivery.

Despite the benefits, many companies struggle with managing resources in NPD. If any of the following scenarios sound familiar, reassessing your resource management efforts may help.

1. By definition, NPD (especially for new-to-the-world innovations) is a dynamic process that touches all functions in an organization. If every project for your company is different and will present unique unknowns and challenges, this increases the difficulty of estimating resource needs.
2. Your executives expect their managers to just “manage” the impossible situation that they have set up. No prioritization of projects happens, and NPD teams are expected to deliver as if there are no resource constraints.
3. Your managers don’t have a good picture of what their resources are working on or if they have sufficient time to dedicate to their NPD activities.
4. Your NPD teams don’t see the value of taking time to manage resource data and don’t like the structure and controls imposed by an NPD process. They feel the structure inhibits their creativity and ability to truly innovate.
5. Your NPD team members and managers give inflated estimates to protect themselves and ensure they can complete their tasks on time. The accuracy and value of resource management then comes into question causing everyone to lose faith in the data and eventually abandon the entire idea of resource management.

While many companies experience these obstacles, others do a great job of managing resources in NPD execution. They make efficient use of their resources and deliver products on time to meet current or future market needs. They understand and proactively address downstream resource constraints to alleviate bottlenecks in their development pipeline. Using advanced resource management practices helps separate the leaders from the laggards in their marketplace.

How do they do it? In an upcoming series of posts, we will cover the key elements, leading practices, benefits and pitfalls to avoid for successful resource management. Stay tuned!

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