

# Project Management Innovations

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**“Product innovation is all about change, but the development systems used by many companies inhibit change during development in subtle ways.”**

## NPD SIG to Hold Annual Membership Meeting at the PMI® Global Congress North America 2007

**J**oin us Sunday, October 7th for the NPD SIG's Annual Membership Meeting to be held at the PMI® Global Congress North America 2007 in Atlanta, G.A.

For those who have not attended an Annual Meeting, you are encouraged to stop by the meeting even if you are new to PMI®. The Annual Meeting is a good way to connect with other members, to find out what we are up to as a SIG, and to review our future plans for the organization in 2008.

Some of the topics that will be covered are strategic planning, on-going membership surveys, product offerings such as PM Innovations, monthly webinars and ways to increase our virtual connections at the local level by establishing LIGs (Local Interest Groups).

If you have any questions prior to the Annual Meeting, please contact Kim Johnson, NPD SIG Past Chair, at [kimj@milestoneconsulting-group.com](mailto:kimj@milestoneconsulting-group.com), 952-400-7892.

We look forward to celebrating with you this fall in Atlanta!



### ANNUAL MEMBERSHIP MEETING

Sunday, October 7, 2007  
9 AM -11 AM  
Hyatt Convention Center  
Room: Hanover G

RSVP: [kimj@milestoneconsultinggroup.com](mailto:kimj@milestoneconsultinggroup.com), 952-400-7892

# Change Happens, Get Used to It!

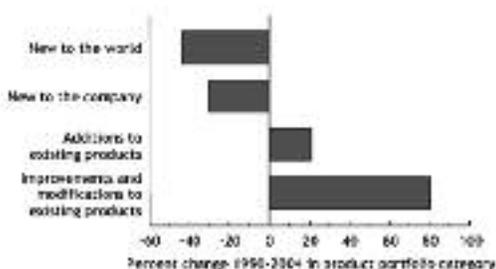
by Preston G. Smith

Some product developers are strangely contradictory when it comes to innovation and the change that inevitably accompanies it. One the one hand, senior executives crave innovation. Consistently, in surveys of CEOs' priorities, innovation ranks near the top.

On the other hand, these same executives have put innovation in a tailspin-and it shows. Consider Exhibit 1, which uses data presented by Robert Cooper in the April 2005 issue of Visions magazine (p. 22). These data result from a major study that compared product portfolios over fourteen years. As you can see, new-to-world products (the innovative ones) have declined precipitously while mundane improvements and modifications (the un-innovative ones) have taken over.

## Exhibit 1: Change in Corporate Product Portfolios over 14 Years

Source: *Flexible Product Development*,



Preston G. Smith, Jossey-Bass, 2007. Used with permission.

## The Culprits

Why is this happening? There are many possibilities, but I believe that it arises because these executives unknowingly have suppressed the change that inevitably accompanies innovation. Product innovation is all about change, but the development

systems used by many companies inhibit change during development in subtle ways. One is phased development processes, such as Stage-Gate®, which attempt to specify everything about the product and the development process in advance and discourage veering from plan when new information arises. Another is Six Sigma, which removes variation (change) from processes so that development becomes more predictable. Although this is admirable, it also adds inertia to the process so that when there is change in a project's environment, redirecting it tends to be more difficult. Traditional project management yet another villain. When the project varies from the plan, many project managers suspect the project-not the plan-and "correct" it.

These systems-phased development, Six Sigma, and project management-exist because they make development more predictable and less expensive (less lost effort) when the environment is static. Unfortunately, in growth markets-new technologies, new markets, and new customer usage patterns-change is increasingly the norm, and those saddled with high-inertia development systems simply cannot maneuver quickly or cheaply enough.

## The Solutions

In very general terms, in order to improve our maneuverability, we must reduce the cost of change. Although we have limited experience with this in non-software development, software developers, over the past several years, have made great strides in rendering their development systems more agile-to the point that the agile software development community's rallying cry is "embrace change!" The annual agile development conference has grown at 36 percent per year to over 1100 attendees in 2006. There are now over 50 books specifically on agile

development. So, if you develop software, you are in luck. You can read one of several introductory books on agile, you can attend Agile 2008, or you can enroll in "ScrumMaster" training from one of many providers.

However, for non-software products, your options are far more limited. Agile software values and principles carry over to the non-software development world as a basis for what I call flexible development. But the specific agile techniques, approaches, and practices of agile do not translate directly, due to some unique properties of software that agilists have exploited, such as:

- object technologies, which allow isolation of change and subdividing product functions
- the logic basis of software, which permits continuous automated testing
- In general, the malleability of software, which lowers the cost of change.

Nevertheless, software developers have discovered general principles that enhance agility and will improve flexibility for non-software products also. At the broadest level, these appear in the Agile Manifesto (AgileManifesto.org). One principle of agile that comes through loudly and provides great learning for us is that people and their interactions are far more important than processes and tools. Yet most of us in NPD put most of our effort into the latter. Another one that runs counter to normal NPD practice is that working software (working products for us) is far more indicative of progress than documentation (how many phase reviews are you aware of that do not depend primarily on documentation deliverables?).

*Continued on page 7*

## Change Happens *Continued*

### NPD-Specific Solutions

Over the past few years, I have been collecting agile-like techniques for non-software products, and there are several:

- **new ways of understanding customers and specifying product requirements to accommodate change during development**
  - specifying at a higher level
  - anticipating customer trends
- **modular product architectures that facilitate**
  - “fencing off” areas likely to change
  - providing for anticipated growth
- **contemporary experimentation techniques, based on advances in computer technology, that allow “front-loaded” prototyping and testing**
- **set-based design to build and maintain options**
- **self-organizing development teams using techniques rediscovered by the agilists**
  - daily stand-up meetings
  - members fluent in (and thus able to adapt) development methodologies

- **making decisions in ways that keep options open longer**
  - applying the last responsible moment to decision timing in order to minimize the cost of change
  - using decision trees to anticipate linked decisions
  - building sustainable consensus
- **flexible project management**
  - viewing project risk more holistically
  - shifting from corrective to adaptive action when actuals vary from plan
  - viewing project completion as customer satisfaction rather than document delivery

The agilists have demonstrated that these techniques are effective in a turbulent world. Is our non-software world of NPD much less turbulent than theirs? If you face change, why not build a development system that embraces change rather than fighting it?

Preston Smith is co-author of the popular *Developing Products in Half the Time* and is author of the forthcoming *Flexible Product Development: Building Agility for Changing Markets* (Jossey-Bass, September 2007).



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## Podcast - Attaining More Milestones

### ***3M Medical Division Doubles Number of Milestones Attained with Integrated Microsoft Project and Visio Scorecards published to SharePoint***

In 2004-2005, the 3M Medical Division of the Health Care segment, which provides surgical tapes, adhesive skin closures, and other medical products, was falling short of its product launch goals. "We were tracking our new product launches and sales and seeing that we were not growing our business at the rate we wanted to," says Chuck Stakston, Business Process Manager, Medical Division, 3M. However, Stakston says, "We were tracking five-year new product sales and coming in below target."

The division needed a solution that would give managers an opportunity to proactively support projects, thereby leading to greater product launch success. To start, it needed to provide better visibility of project plans, standardize key progress indicators, and communicate issues to managers in real time.

In looking at its options, 3M's project managers wanted to utilize a solution that was familiar and easy to use. Functionally, they wanted a solution that would present an intuitive "scorecard" type of project summary to management. And they wanted to reduce the time it took to create the scorecards. With all of this in mind, in April 2005, Stakston says, "We landed on the EPM-Visio scorecard solution."

View the complete article in the "Members" area on the NPD SIG web site.

Download the full Microsoft Case Study, and access a 10 minute America's Business national radio show podcast on the solution that took place on June 22, 2007:  
<http://www.milestoneconsultinggroup.com/visibility.biz/default.aspx>