



New Product Development Project Selection

Do you have the right people to support the next great idea?

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Abstract

Engineering and product development organizations live and die by the product development projects they select. Prioritizing and carefully choosing the best product development projects are as important to these organizations' success as the products themselves. As this is the case, new product development selection is taken very seriously and product ideas typically need to pass through various stages before real time and money are devoted to their realization.

Although most product-centric organizations are diligent in their ability to build a solid framework in evaluating product design and viability, many fall short on the human element ultimately responsible for successfully delivering a product to market. Effectively managing the people and the tasks responsible for pushing a project along the road to success requires a balanced approach. This balance between product viability and available resources can only be delivered through an all inclusive project and portfolio management framework.

In this white paper, I will be focusing on the impact resources have on new product development projects and the critical role project and portfolio management plays in providing complete visibility when deciding on your next great product idea.

Product Ideation: Rules of Engagement

Successful products all begin with a great idea. However, the idea itself is only one ingredient in a cocktail of success factors that contribute to a product's outcome. For new product development (NPD) projects, idea management is the first phase in developing an organization's pipeline for product innovation and determining the potential project viability. The ability to capture new project ideas and prioritize their value based on organizational metrics, strategic alignment and critical success factors is essential to this process. More importantly, the available resources and talent driving these projects will establish the ultimate outcome of the selected ideas.

The first step in selecting the best NPD project ideas begins with a systematic and efficient approach to capturing the necessary data so that all stakeholders can contribute to the project selection process. Building the right framework around your product ideas allows you to make well informed decisions that are based on facts.

When developing this framework, the following elements should be considered:

- **Data Integrity** – for whatever information you plan to use to capture, prioritize and rank product ideas, there needs to be parameters in place to ensure the output is useful. Sources for validating product ideas need to be consistent so that contributors are using the same approaches and metrics to measure the idea's future potential.

- **Clear Targets** – It is critical to identify clear targets that are aligned with the business objectives and stakeholder needs. Gauging product ideas in relation to corporate goals already endorsed by key executives and stakeholders (e.g. sales targets or resource alignment) will ensure that organizations select the project ideas that will have the best chance for success.
- **Relevant Success Factors** – Building fact-based metrics will allow for a more transparent evaluation, ranking and scoring of your project ideas pipeline. Anyone submitting or evaluating a project idea should include a standardized risk assessment score and include other metrics for ROI, strategic alignment and priority ranking to provide better visibility into the potential for the ideas up for consideration.
- **Systematized Decisions** – As important as it is to capture accurate data, it is as important to develop a systematic approach to prioritizing, evaluating and selecting your project ideas. Establishing a governance framework with a phase-review process in place for all relevant stakeholders will ensure that no stone is left unturned. It will provide the necessary discipline needed to deliver a Go/Kill strategy when managing, what at times can be, an overwhelming ideas pipeline.

Once an evaluation and selection framework is in place, aligning your ideas pipeline with your portfolio of projects will be crucial in the successful execution and development of these new products. The truth is many organizations primarily analyze their ideas pipeline in relation to external market conditions and often neglect the impact these new projects may have on their active projects and available internal resources. In light of this reality, a project and portfolio management (PPM) methodology allows your organization to integrate your ideas pipeline into your entire project work flow. A comprehensive PPM strategy will ensure that your ideas take into consideration all of the external and internal factors that contribute to a complete project environment. Consequently, your ideas pipeline will accurately reflect the chances for success with the understanding that your next “Star” project can be fully supported by the people responsible for its delivery.

People Matter: You are not in the business of making widgets

For many new product development organizations the “people” factor is often downplayed or ignored in selecting the next great idea. Product-centric organizations often focus on the potential strengths and weaknesses of the products without heavily considering the impact inadequate resource availability and talent can have on new product development projects. This may happen because the idea generation process usually focuses on the external stakeholders (typically the end user or customer) that will be the final recipient of the new product without factoring in the internal considerations. This can be detrimental to the product’s ultimate success because success hinges on the product’s entire journey from the idea (mainly internal) to the public launch (mainly external). Without considering the entire product lifecycle organizations can quickly find themselves in a difficult position without the best people to support its outcome.

It is no secret that great companies are continuously seeking the best talent to maintain their market position. In fact, as great companies grow, the ability to maintain their standard of excellence becomes increasingly difficult. Today’s customers are more and more discriminating in their expectations from their

providers. The highest in quality, value and service are constantly being tested. In order to meet customer demands, and remain profitable, organizations must view product development across the entire value chain. In order to do this, companies must strategically align their people with their products.

When building your project ideas framework, here are some questions you may want to consider:

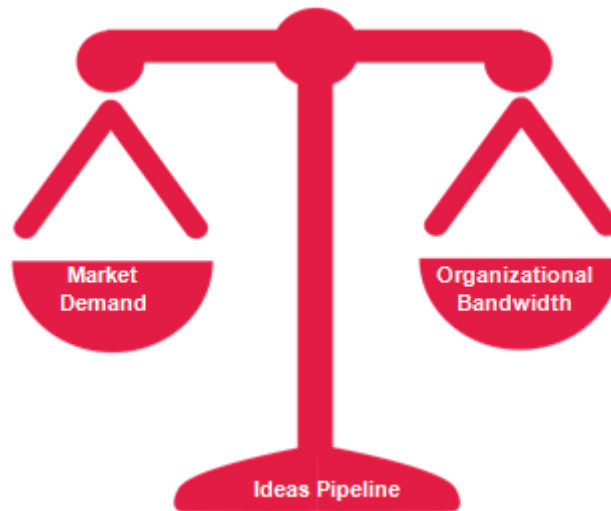
- Are you taking into account the necessary skills and available talent to successfully develop your idea?
- Are you considering the impact of your new idea on possible available internal resources?
- Are the resources required aligned with stakeholder demands and corporate objectives?
- What is the financial impact of the necessary resources to the product's success, as well as the entire portfolio of projects as a whole?

From the inception of an idea, until a product lands in the hands of a consumer, there are many people responsible for the development, production and final sale of a product. This is why resource visibility should not be ignored and should factor prominently from the very beginning stages of your new product development process.

Product Selection: Are you balancing the scales?

A solid new product selection process demands a well balanced ranking of all the elements important to your new product development projects. Successful products begin with a well orchestrated idea management process. It is not enough to just include all the necessary elements. Like a well prepared meal just the right amount of seasoning and ingredients will determine the success of these new product ideas.

Although most product development businesses recognize that the idea selection process is critical, many still have not established a formal system to capture ideas and review them in the context of an entire ideas pipeline. At the most fundamental level, project ideas need to be treated as corporate investments where the portfolio is aligned with the business objectives. Furthermore, your portfolio needs to reflect your tolerance for risk and your ability to manage your investments (i.e. your project ideas pipeline.) As a rule of thumb, the prioritization, scoring and ranking of your pipeline will be dependent on business culture, stakeholder needs and the ability to make informed decisions on the information gathered.



In order to ensure that your ranking system will yield successful results both internal factors (e.g. available resource pool) and external considerations (e.g. market demands) need to be carefully calibrated delivering the right mix of criteria showcasing the most accurate vision of your pipeline. When selecting your ranking criteria you may want to ask yourself the following questions:

1. Are your ranking metrics aligned with both stakeholder needs and market demand?
2. Is your portfolio balanced by allowing for the ranking of ideas based on relative importance?
3. Do you have enough visibility into your current resources and future abilities to accurately assess your pipeline's ongoing viability?
4. Are you employing fact-based metrics, such as Return on Investment (ROI), Internal Rate of Return (IRR) and Net Present Value (NPV) to assist in product selection?
5. Does your selection of project ideas take into account your current active portfolio of projects?

Most product development businesses would agree that the successful launch of a product can be achieved by selecting the right product, at the right time with the right people. Where many businesses would differ is in the path they choose to get the product to market. Although for some it may be timing or intuition that leads to success, for others it may be a more formal methodology. In any case, most organizations agree that a systematic approach to monitoring NPD projects from concept to end of life is a wise move. The earlier you can identify whether a product has potential or is doomed for failure the faster you can monetize new product ideas or cancel them before real damage is done.

Genius Project: Managing NPD Project Ideas

Many companies face the challenge of having to deal with high volumes of NPD project ideas either in progress or on hold, making it difficult to manage priorities. It is imperative to tackle each problem at the root and to sort and define priorities right

from the ideation stage. Genius Project's demand management capabilities allow you to collect and organize these project ideas and offer you the tools to better define priorities using ranking criteria.

In Genius Project's Demand Management module, NPD project ideas can be tracked and managed by allowing you to:

- Streamline the collection of new work and project requests.
- Provide a thorough and documented review process.
- Establish common criteria for incoming requests and simplify the ability to make a choice.
- Collect, track and review all requests through a central repository.
- Define common metrics, key performance indicators (KPIs) and risk factors for evaluating performance.

The Author

Neil Stolovitsky has 10 years of IT experience with end-user, consulting, and vendor organizations, along with extensive expertise in business development, software selection, and channel strategies. Stolovitsky has published numerous white papers and articles covering Enterprise Resource Planning (ERP) for service industries, Project Portfolio Management, Professional Services Automation, IT governance, and new product development to a global audience. Neil is currently a Senior Solution Specialist with Genius Inside.

About Genius Project - Adopting a Process-Driven Approach to NPD Projects

Genius Project for new product development and innovation projects allows your organization to adopt a process-driven PPM strategy by helping you manage and prioritize product ideas, ensures that your best resources are working on the most promising projects, and facilitates the delivery of your projects on time. Genius Project will help your organization:

- Improve project portfolios, projects and resource visibility
- Reduce time to market
- Improve quality management & assurance
- Ensure compatibility with industry processes and standards, Phase or Gate Review and Approval, APQP, etc.
- Support the complete lifecycle of new product development projects by supporting dispersed project teams through its powerful web-based capabilities, configurable dashboards and reports, and powerful workflow engine designed to map to your organization's business structure.
- Provides the ability to configure multiple workflows for project documents
- Deliver security capabilities, such as, read and write access and to project documents

To learn more about Genius Project's New Product development solution please go to: http://www.geniusinside.com/solutions/business/new_product_development_software

http://www.geniusinside.com/solutions/software_features/project_demand_management

About Project Perfect

Project Perfect is a project management software and consulting organisation based in Sydney Australia. Their focus is to provide organisations with the project infrastructure they need to successfully manage projects.

Project Perfect sell “Project Administrator” software, which is a tool to assist organisations better manage project risks, issues, budgets, scope, documentation planning and scheduling. They also created a technique for gathering requirements called “Method H”™, and sell software to support the technique. They also sell a complete web based methodology for [software package selection](#). For more information on Project tools or Project Management visit www.projectperfect.com.au