



Process Driven PPM

Getting the Most Out of Your New Product Development Projects

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Abstract

From R&D to Customer Service, effectively serving the Value Chain is an integral part of an organization's success when bringing new products to market. The fact is, many organizations run their New Product Development (NPD) projects in siloed environments not taking into account all of the elements that can impact a product's success. NPD projects do not only live in the world of marketing and engineering. NPD projects in many cases need to incorporate the strategic objectives of executives, the demand of customers and the bottom line of operations and finance in order to realize their success.

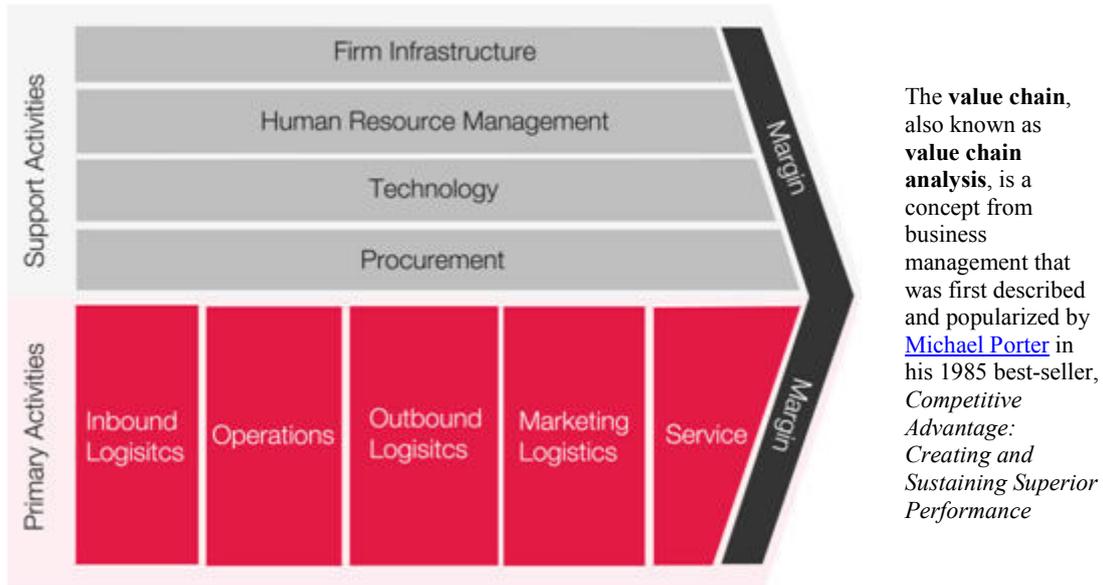
With this reality, a sound Project and Portfolio Management strategy is needed to consolidate all of the business processes that drive the business. This is especially true with NPD projects that impact all facets of the businesses they serve.

In this paper, you will learn how an effective Process-Driven PPM strategy can play a critical role in streamlining your NPD projects.

NPD Projects and the Value Chain

Typically product-centric organizations employ a project and portfolio management (PPM) strategy as a support activity in streamlining the way products are conceived, produced and distributed to the market. Especially when it come to new product introduction and development projects, PPM tends to be isolated with the marketing and engineers groups responsible for the successful development and launching of new products. Although it's true that most project and portfolio governance framework will ultimately lead to better and more profitable products, the total value project and portfolio management can contribute to the organization is often incomplete. In many cases, finance, operations and a large portion of executives are not included in the establishment of an organization's PPM strategy. Moreover, the PPM strategy implemented tends to be more tactical than strategic. Often product-centric organizations utilize PPM to monitor the day to day activities of the portfolio of projects at hand by identifying project bottlenecks, tracking project progress, and reviewing project budgets. Though it may be true that the projects that drive innovation is what makes these organizations succeed, the value PPM can deliver is usually never fully realized.

In order to fully benefit from a sound PPM strategy, product-centric organizations need to recognize the possibilities project and portfolio management can contribute to its "Value Chain." The value chain is a theory popularized by Michael Porter that asserts that by analyzing value creating activities by various groups within an organization one can determine the competitive advantage, or lack thereof, that is contributing to the success or failure of a product. Every group in the chain has the potential to maximize its contribution directly impacting a product's profitability.



In organizations where new product introduction drives the business, PPM can play a vital role in facilitating value creating activities by improving collaboration, delivering relevant project information and increasing visibility to those key decision makers across the entire value chain. Fundamentally, PPM needs to interlink the multiple value chains within an organization so that all stakeholders can benefit from true visibility into what makes their product development projects tick.

Does Your PPM Strategy Serve the Entire Organization? Or Are You Seeing Only Half the Picture?

A common error made by many product-centric organizations is to apply popular PPM strategies primarily designed for IT groups. These project portfolio management strategies usually applied to IT projects do not translate well in the world of product development. IT projects serve the infrastructure that supports the operations of an organization. In contrast, product development projects are usually at the heart of Porter's primary activities which are the primary drivers for revenue generating and value creating activities. In fact, the activities surrounding product development directly impacts both the top line and bottom line results of the organization. Where the goal of a PPM strategy for IT seeks to align its projects with corporate objectives, product development projects are inherently connected to the corporate objectives.

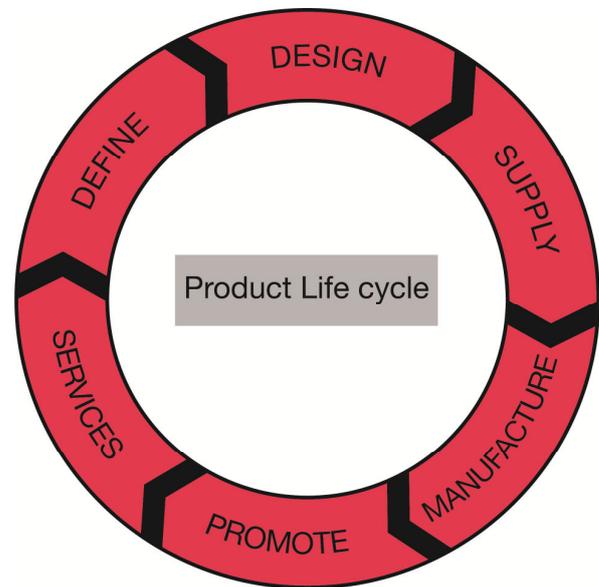
In order to develop a comprehensive PPM strategy for product development projects, your organization may want to consider the following questions:

- Does your PPM strategy include all stakeholders impacting the success of your projects?
- How well can different groups across the organization collaborate on projects?
- Does your strategy monitor value creating activities, such as sourcing, market conditions, and distribution?

- Does your PPM strategy include both strategic visibility into portfolios, projects and resources, while maintaining a pulse of tactical project activities across the value chain?

Product development projects demand critical input from sources outside the project. In many cases, a product development project's success is determined by evaluating the entire lifecycle of a product which include define, design, supply, manufacture, promote and services phases of the product.

Although the define and design portion of projects are usually covered in a product development PPM strategy, the latter four phases of supply, manufacture, promote and services in which products are actually manufactured, distributed to the market and serviced are often ignored. Unfortunately many organizations are not maximizing their PPM strategy to include all product lifecycle activities that are managed across the value chain.



Source: <http://www.autofieldguide.com/articles/120506.html>

Process-Driven PPM: Maximizing Value in NPD Projects

So the question is – How does an organization implement an all-encompassing project portfolio management strategy that will optimize the success of its product development projects? It is clear that with multiple value chains to consider, this is never an easy task. A comprehensive PPM strategy for NPD projects needs to be able to map all business processes to all groups that directly and indirectly touch the product development projects they serve. In order to do so, here are some high level strategies to include in your PPM framework:

- **Project Governance** – organizations need to ensure the development of standard documentation, policies and procedures surrounding projects. An agreed upon formal process will facilitate better visibility into projects and portfolios.
- **Business Process Management** – organizations need to ensure that their implementation of project workflows include the relevant stakeholders for the appropriate approval and review processes responsible for a project's success. In new product development projects phase-review methodologies need to map to stakeholder involvement and contribution to the portfolio and pipeline of projects. To fully maximize the value of the projects, multiple workflows should also map to the multiple value chains that contribute to a projects outcome.

- **Project Collaboration** - organizations need to provide the means for dispersed teams and stakeholders to effectively contribute feedback and view information so that there is complete transparency and input across the entire value chain. Collaboration includes automatic alerts of relevant information to project stakeholders, comprehensive reporting, and the sharing of information.

The goal should be to develop a project and portfolio management strategy that is not solely focused on delivering project information to project managers and team members, but to establish a process-driven strategy that delivers a 360 degree view to the entire organization. True process-driven PPM allows for a collaborative and inclusive strategy that facilitate value creating activities from all stakeholders involved prior to projects, during project execution and following the completion of projects.

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

About Project Perfect

Project Perfect is a project management software consulting and training 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. For more information on Project tools or Project Management visit www.projectperfect.com.au