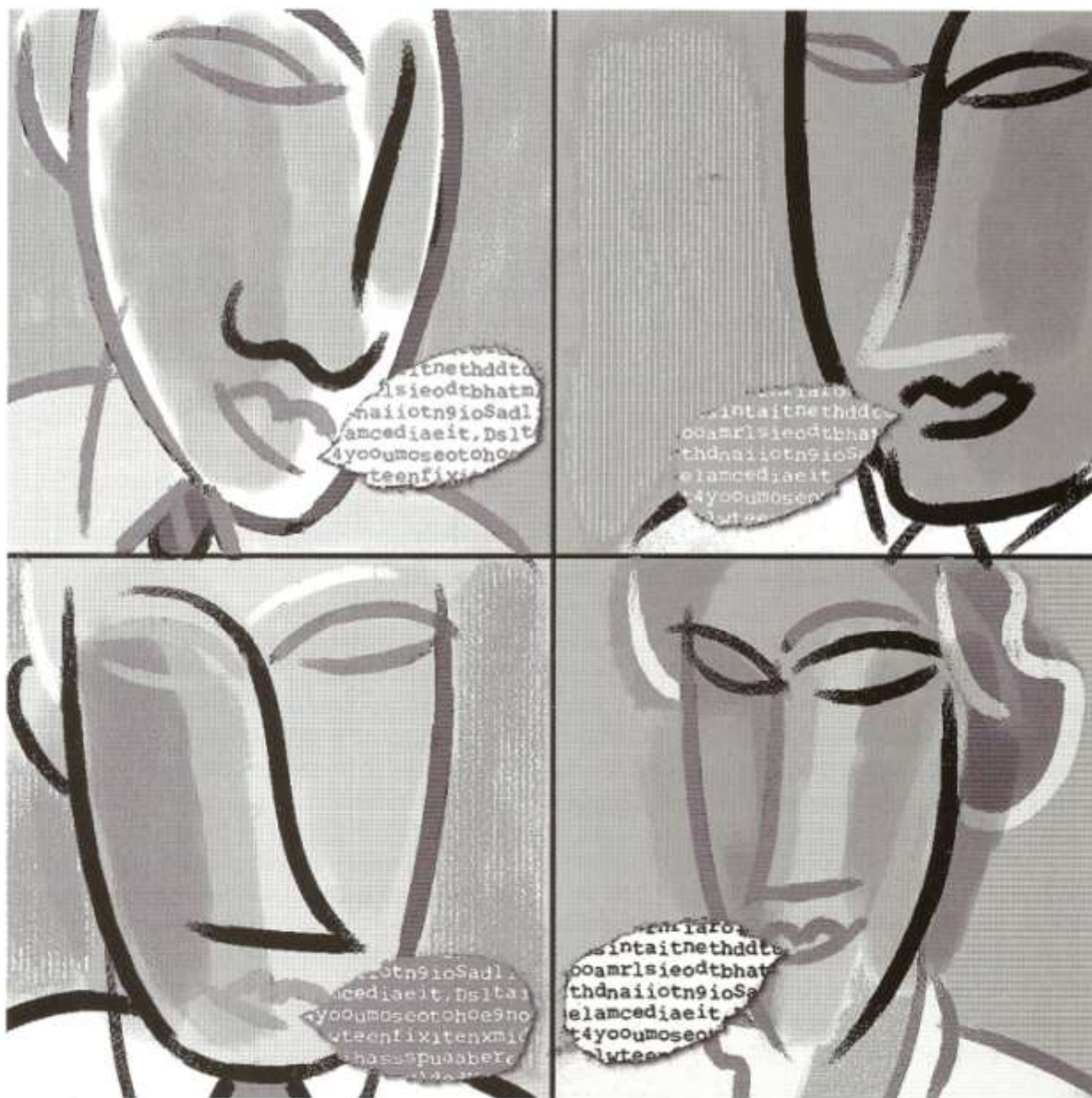


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Is your Product Development Process working?
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Is your product development process working?

Evaluating what works — and what doesn't — is the first step toward making improvements.

by Scott Gantwerker & Paula Manoski, Contributing Editors

Formal or informal, documented or undocumented, all companies have a new product development process. But not all such processes are created equal. Companies that are successful in delivering new products to the marketplace obviously have a process that works. However, changes may be in order for companies that are struggling. Defining the new product process is a roadmap to guide this change to achieve a higher level of effectiveness.

Why change?

Before you go through the effort of implementing a New Product Process or changing how the work gets done, there first needs to be an underlying business driver as to why a change is needed. If any of the following conditions apply to your company, you need to strongly consider changing the way you

develop products:

- New products play a key role in the growth plans of your company. A pipeline of new products from higher-caliber ideas needs to be developed.
- Your new product teams are working very hard but having difficulty moving projects forward.
- Products are developed largely on the basis of product/advertising claims that likely can't be legally stated or factually supported.
- Time and resources are wasted on project starts, stops and indecision, the result being last-minute desperation and implementation of lower-potential projects.

This is the first in a series of articles on designing a new product development process appropriate to your business. Over the next few months, subsequent articles will outline the design of a "stage and gate" process, emphasizing the work to be performed at each stage and the decisions to be made at each gate. We'll detail important activities and actions for each stage of the project, pointing out differences in resource utilization, information quality, risk level and organizational commitment at various project stages.

- Projects continue with a life of their own, even after it becomes clear they are not viable.
- The work gets done but it isn't pretty, a syndrome usually characterized by significant rework and late-project surprises.
- New products are launched, but do not contribute to the bottom line. Products make it to market but do not make money.
- New products get to market on time but cannot be manufactured efficiently, requiring significant post-launch attention to remedy the issue.
- New products do not sell at expected volumes due to low consumer interest or lack of product availability in stores.

What is your current process?

New product processes in companies that are struggling tend to "advance" according to the following and only slightly exaggerated flow:

1. An idea is generated.
2. Products are developed, reworked and reworked.
3. Products move to the plant and are reworked and reworked.
4. Serious issues are identified and steps 2 and/or 3 are repeated.
5. Development time runs out, the introductory date approaches and the product is launched.

Although the product may make it to market and even be successful, it is a painful, highly stressful process that wastes the organization's resources.

In order to effect change, it's important to look at what you are doing and determine what is and isn't working. Take a look at your organization and your new product development experience. Ask yourself the following questions and try to map your current process:

- What are your product development steps?
- Where do ideas come from? How are projects initiated? How are teams given direction?
- How does your strategy link with products that you're developing?
- How is consumer and customer interest determined?
- How is financial viability determined?
- How much/what kind of thought or planning is conducted before prototype or product development

begins? Before commercialization begins?

- Do introductory schedules drive the project plans or do project plans drive introductory timing?
- Is a new product put into business plans when it is merely an idea or when the proposition has been validated?
- What information is needed to make a capital expenditure?
- Do you have a pipeline of developed products from which to choose and launch?
- How are decisions made to launch a new product? Who makes the decisions and when are they made?
- Where are difficulties most often encountered in the current new product development process?
- What are the good/valuable aspects about the way new product development is currently accomplished?

How well is your process working?

The next step in understanding your new product process is to measure or assess how well you are doing. The following list of questions may provide some insight.

For the last three years:

- How many projects were undertaken? (both successful and unsuccessful)?
- How long was each project active?
- When and how were projects killed?
- What is your success rate in delivering new products to market?
- What is the success rate of products that have made it to the marketplace?
- What income was generated from the new products?
- What percent of organization time was spent on unsuccessful projects (product that either didn't make it to market or didn't make money)?

Drawing conclusions

After completing these exercises, it should be clear whether changes are necessary to your new product development process. Once you've identified what is and isn't working, you can begin to define the changes necessary to improve your process. These changes can range from a fine-tuning to a complete overhaul.

For change to be effective, it must be understood and championed from the top of the organization

and be implemented throughout. Knowledge of your current methods and their impact on past and current performance is critical to assuring senior level engagement and successful implementation of new processes that address the unique needs of your organization.

The benefits

Properly designed, a new product development process becomes a template for best practices.

Most new product processes can be improved in several ways:

- Defining financial success early.
- Establishing and maintaining a pipeline of ideas.
- Identifying and addressing problems earlier.
- Determining consumer interest at the outset.
- Allowing the organization to make recommendations to kill non-viable projects more quickly.
- Allowing commitments to be made at appropriate times with high levels of confidence and certainty.

The improved new product process becomes the

roadmap for the changes required to achieve high performance in new product development.

In the coming months, options will be identified for changes to your new product process from the earliest opportunity to product launch — and beyond. Next month's article will focus on the critical, high-leverage early stages of new product development. **IP**

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