



Presented to ...



The Art and Science of Managing New Product and Service Development

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Program Results: Management Art and Management Science



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Roadmap

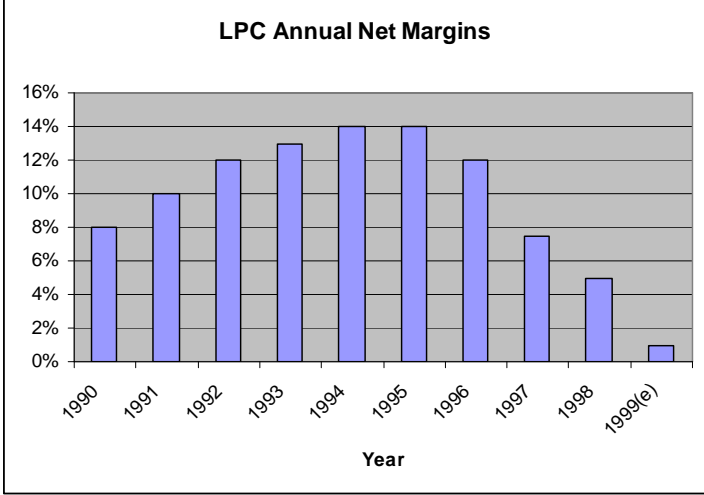
- Case study: common problems
- Systems approach
- Best practices ... leading to results
- Resources



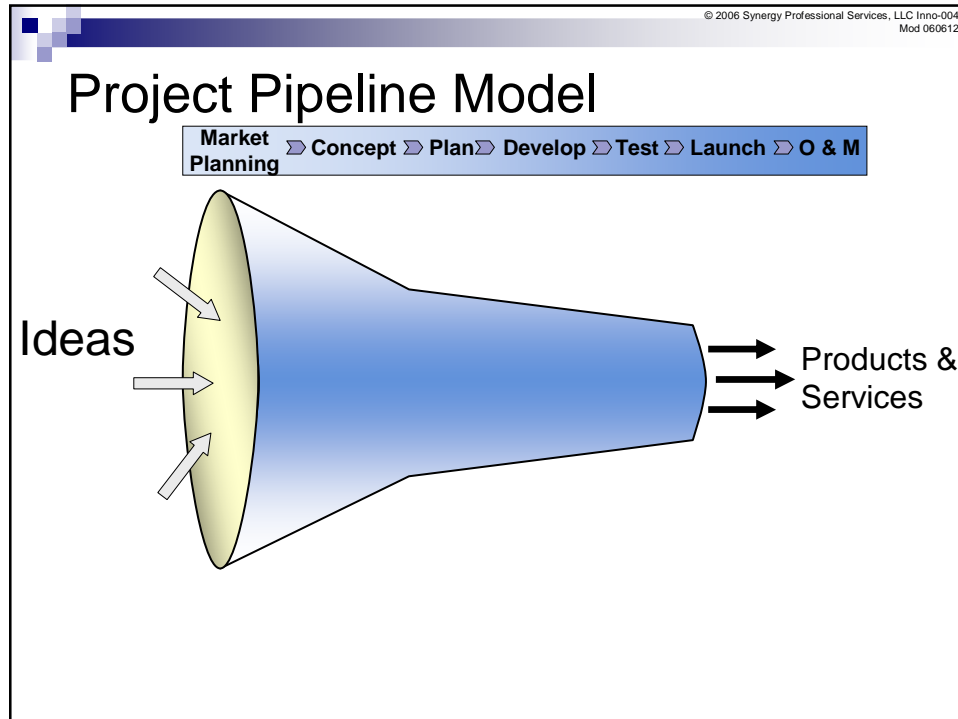
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Le Petit Chef

LPC Annual Net Margins



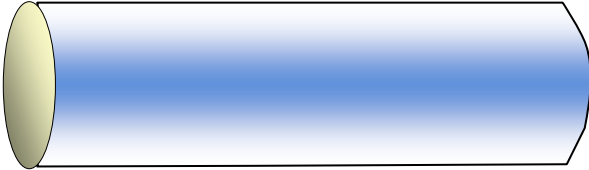
Year	Net Margin (%)
1990	8%
1991	10%
1992	12%
1993	13%
1994	14%
1995	14%
1996	12%
1997	7%
1998	5%
1999(e)	1%



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- ## Common Distortions
1. Trying to do too much
 2. Takes too long from idea to result
 3. Projects and programs don't align with strategy
 4. Abandoned projects cost too much
 5. Projects are not sufficiently integrated
 - Poor program management

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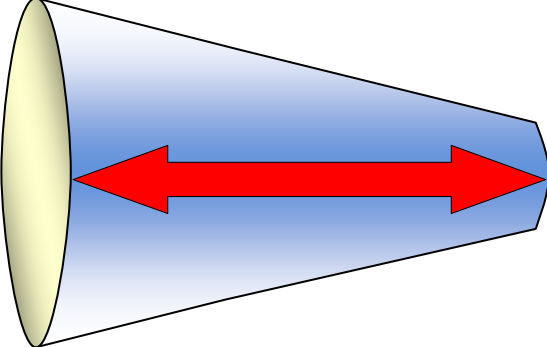
Can't Say No To Programs and Projects



- Tunnel, not funnel
- 200% to 300% overcommitted – do everything poorly
- Short-term focus leaves no room for innovation

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Too Slow to Launch Innovations

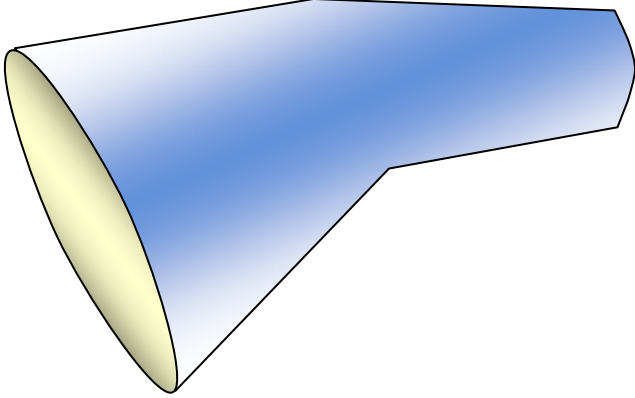


- Length of product life shrinking
- Fast TTM is critical to achieve profitability
- Too-rigid development processes are harmful



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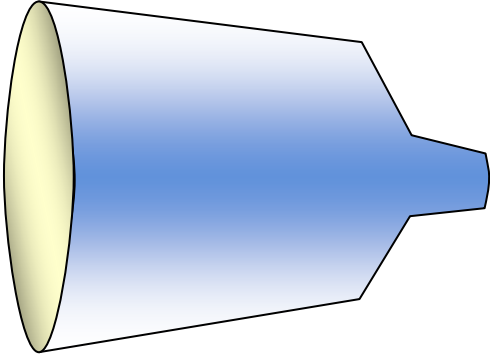
Projects Don't Align With Strategy



- Doing the wrong projects
- Failure to deliver on strategies

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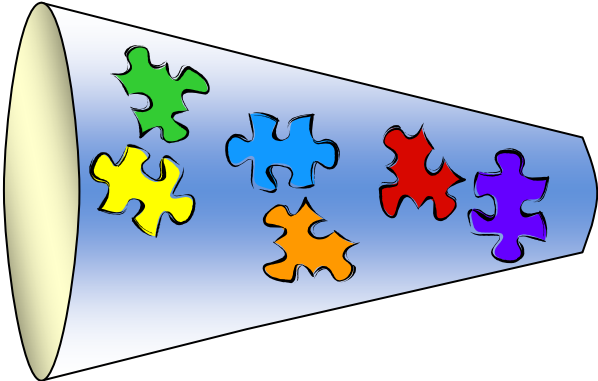
High Cost of Abandonment



- Too many projects don't deliver
- Abandoned late at high cost
- Steals resources from valuable projects

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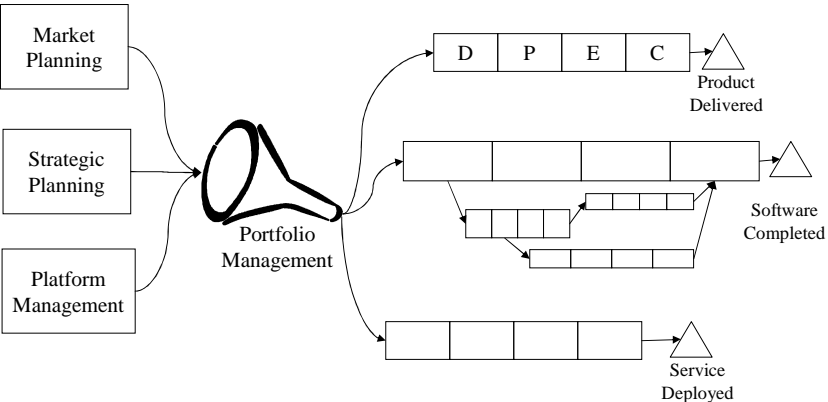
Poor Integration Between Projects



- Poor leverage
- Insufficient program management
- No platforms

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Management Systems Approach



Market Planning

Strategic Planning

Platform Management

Portfolio Management

D P E C

Product Delivered

Software Completed

Service Deployed

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Market and Strategic Planning

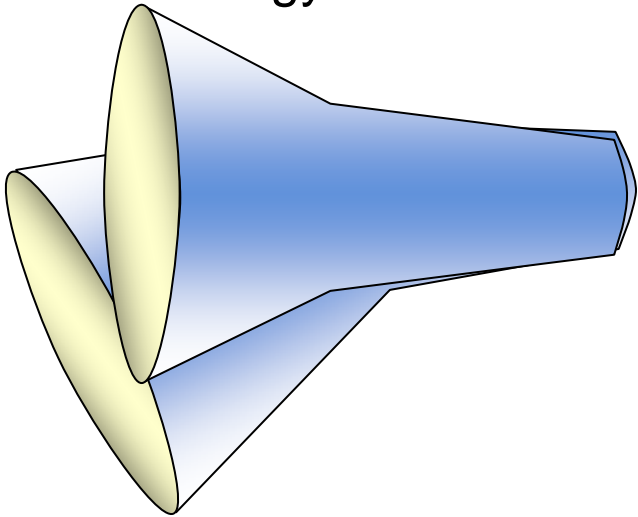


- Aligns with strategy
- Takes advantage of market opportunities
- Meets real customer needs
- Ideas *have the right fit*

Market and Strategic Planning
“With the Right Fit”

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Ideas Fit Strategy and Market



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Platform Management

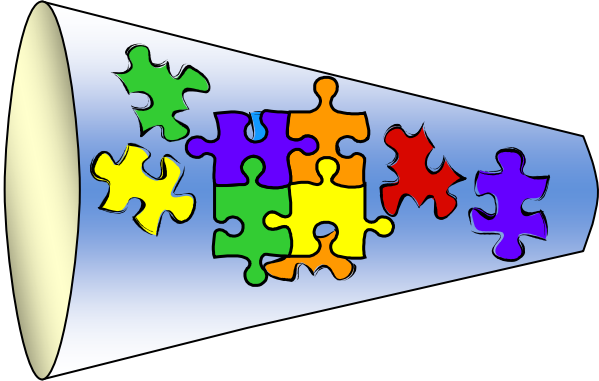
- Establishes architectural base
- Improves return from costly investments
- Flexibility for innovative derivatives
- *More repeatable* innovations



Platform Management
“At the Right Pace”


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Integrated Projects at the Right Pace



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Portfolio Management

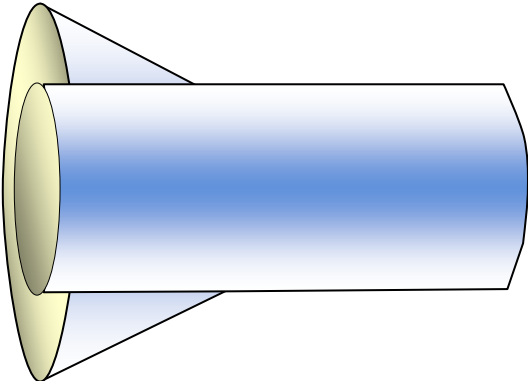


Portfolio Management
“Invest in the Right Projects”

- Focuses investments
 - Says “no”
 - Aligns with strategy
- *Makes room* for the most important projects

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Invests Early in the Right Projects



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Project and Program Management

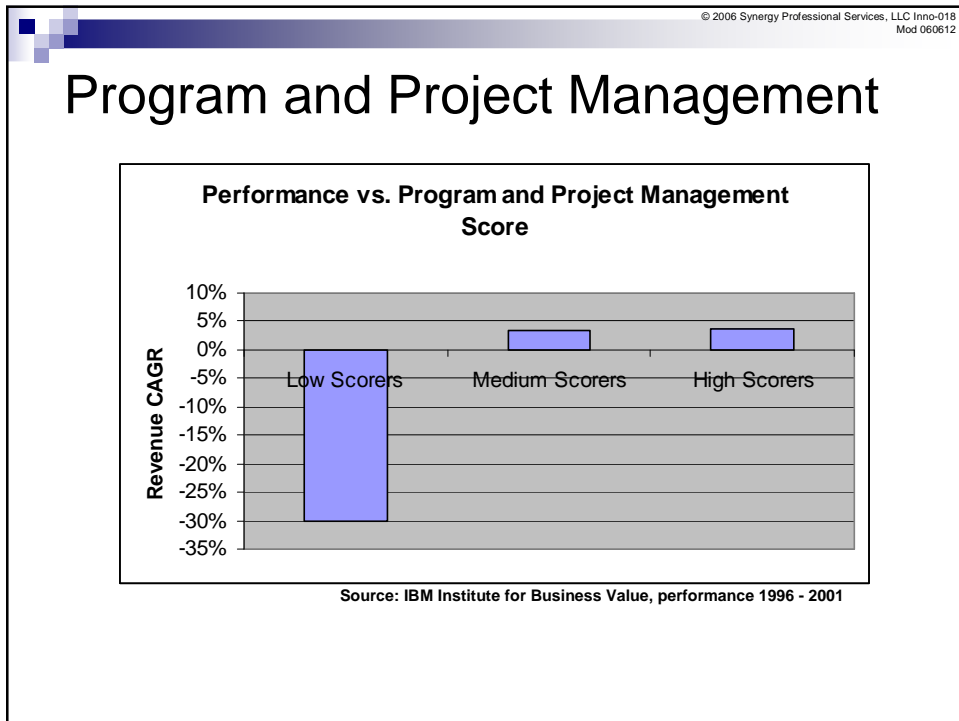
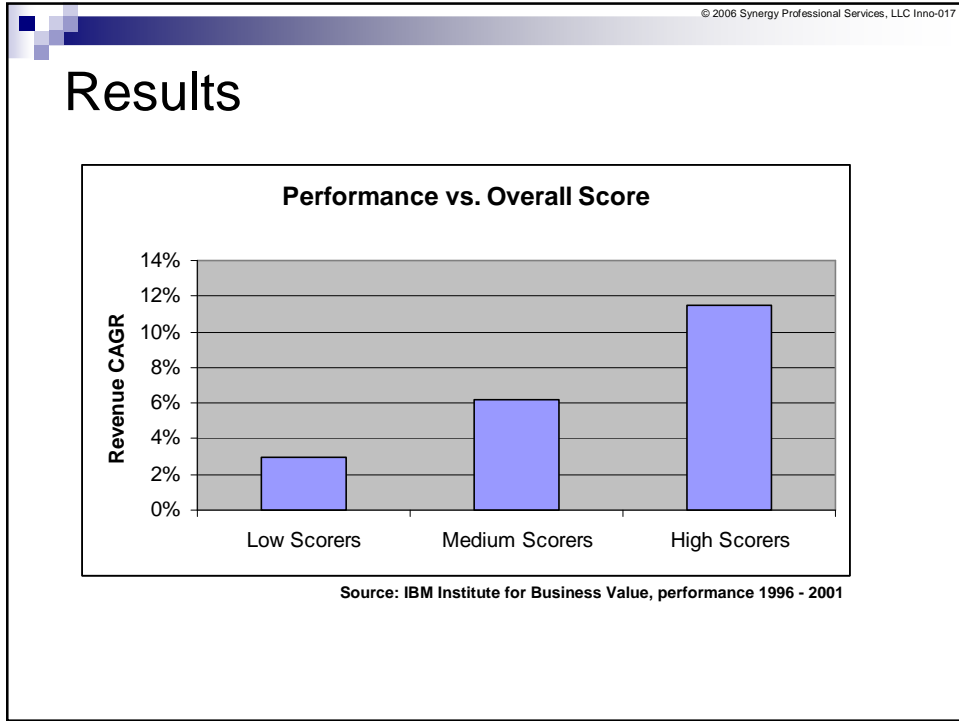
Project Management:
“Do Projects Right”

- Shortens funnel
- Improves yield
- Coordinates
- *Delivers* results efficiently

Program Management:
“Do Projects Together”

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Improves Time to Market



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Program and Project Management

Best Practices

- Use a product development pipeline (lifecycle)
 - Defined phases and gates
 - Strong management participation
- Effective project management practices
- Excellent collaboration across functional silos
- Flexible and iterative

The Big Six Project Success Factors

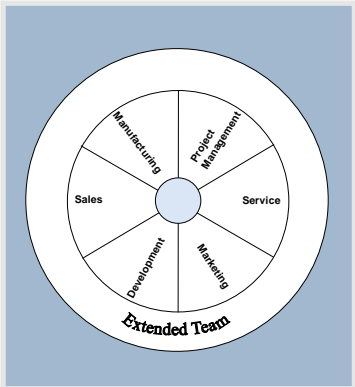
1. Agreement on goals
2. A good plan
3. Progress measurement
4. Constant communications
5. Management support
6. Controlled scope

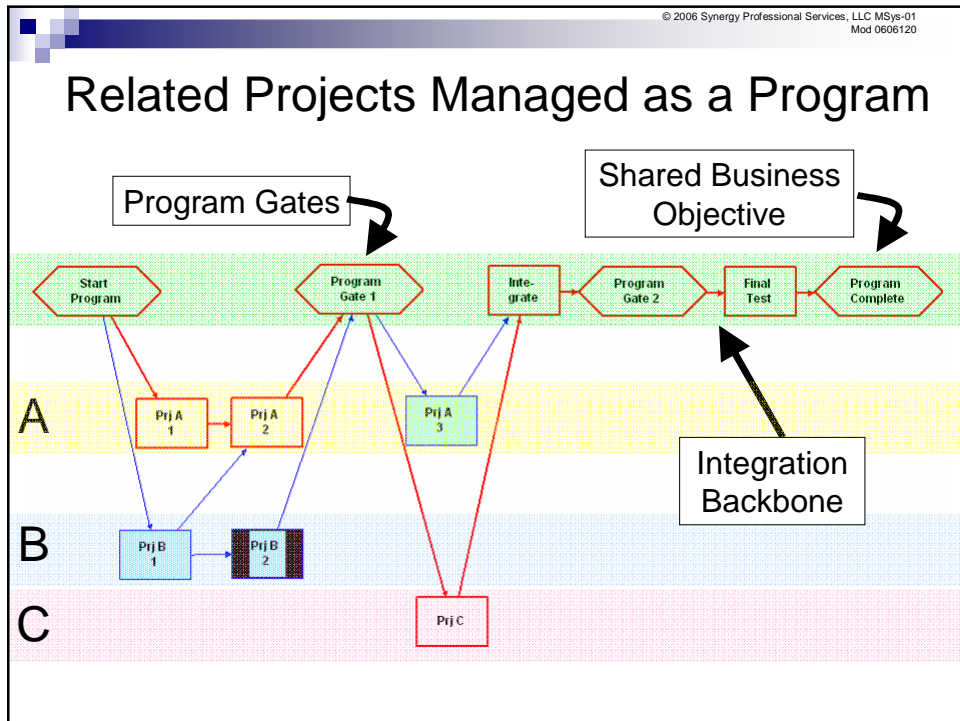
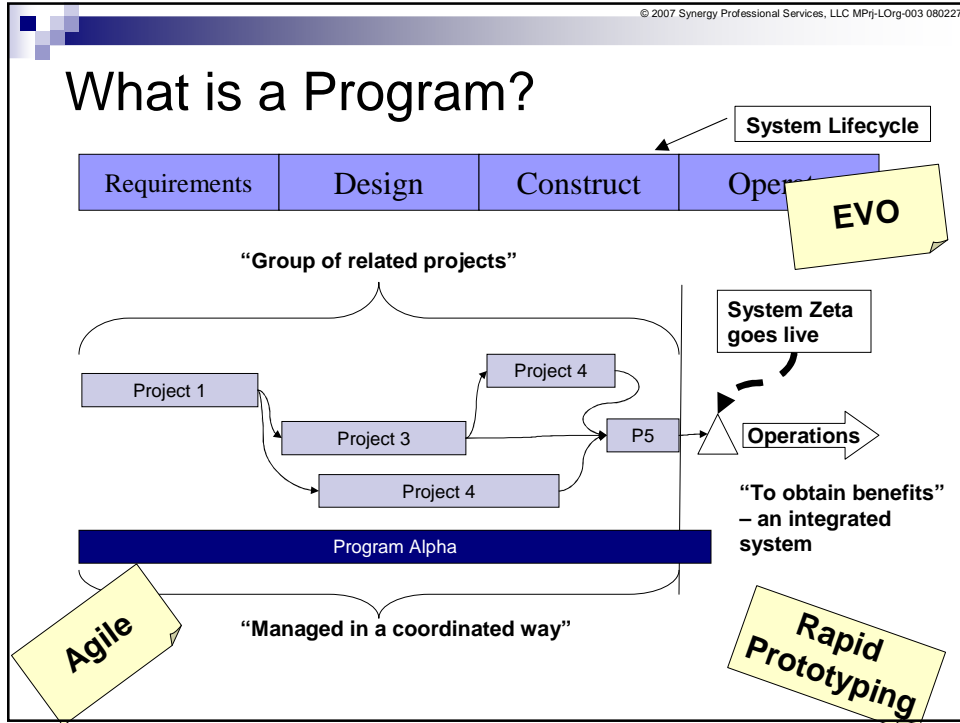
Eric Verzuh
J. Davidson Frame

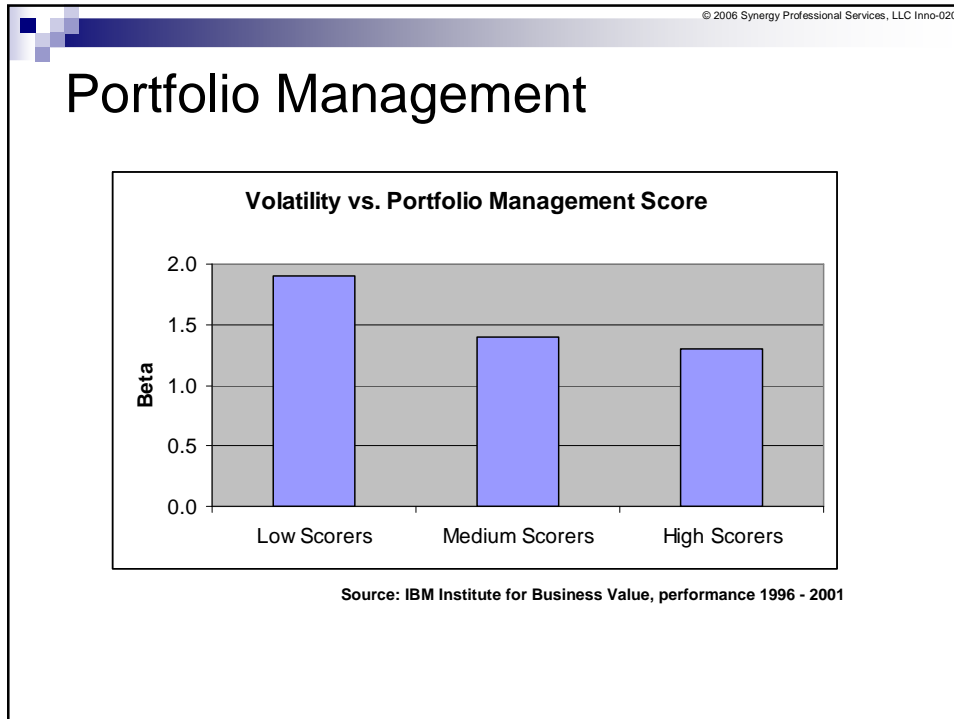
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How is Program Management Different?

- Intense focus on business results
- Scope and responsibilities cross high level organizational silos
- Not beholden to any specific discipline
- Focuses on “whole product” or system
- Often involved in strategic discussions







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Portfolio Management

Best Practices

- “Big picture” approach
 - Frequently reviewed
 - Carefully balanced (eg. risk vs reward)
- Structured investment decision process
 - Clear approval criteria
 - Willing to say “no”
- Strong alignment with both strategy and execution capabilities
- Innovation sandbox

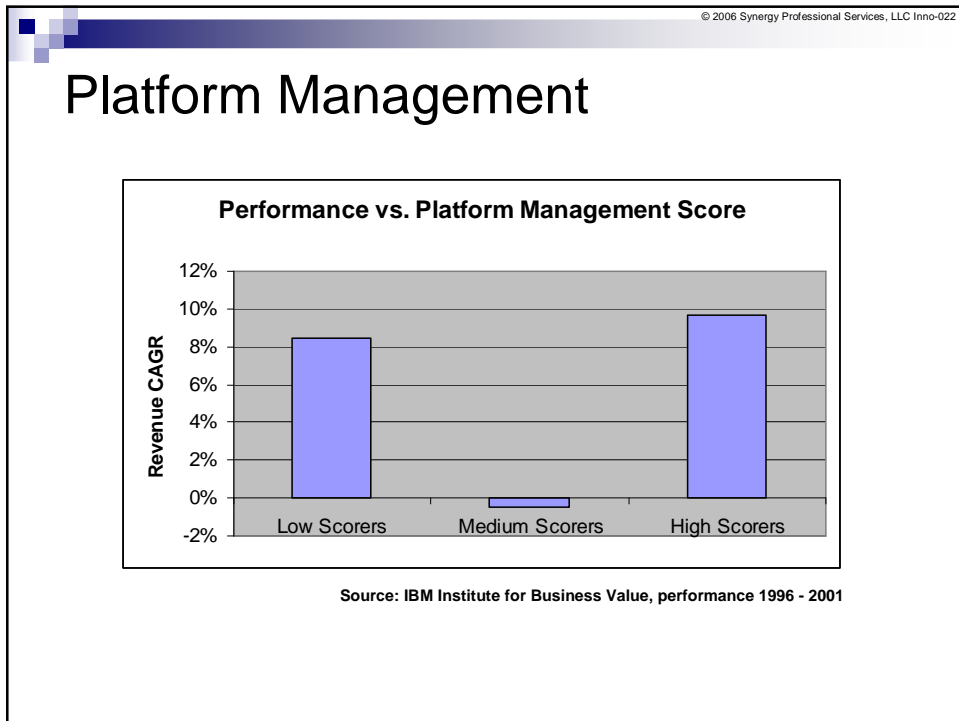
The bubble chart displays various portfolio management metrics across three categories: Greenhouse, Firestorm, and Transformation. The Y-axis is labeled 'Active' and ranges from 0.0 to 1.0. The X-axis is labeled 'Strategy (Weighted)' and ranges from 0.0 to 1.0. The chart shows a distribution of bubbles representing different projects or investments, with colors indicating 'Health Assessment' and size indicating 'Strategic Budget (%)'. The total strategic budget is 100% (100% + 0% + 0%).

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Scorecards and Dashboards

Project Portfolio
Focus of dashboard review meetings: What can we do to identify and resolve issues?

Project Name	Current Phase	Department	Name of Project Manager	Name of Project Sponsor	Team Members	Signoff Dates			Project Completion (Handoff Complete) Date		Health Indicators				Comments / Recovery Action	Last Update				
						Gate 1	Gate 2	Gate 3	Approved at Gate 2	Forecast at Actual	Budget	Scope	Overall							
Example: Project Alpha	Execute	Dept 1	John Doe	Kathy Friedrich	Tom Ross, Merilee Canham, Christopher, Sam, Susan, Steve, Tom, Bob, Rick, Barbara	8/8/06	A	9/15/06	A	1/14/07	F	2/1/07	2/13/07	Y					Schedule recovery: will stop auto-update feature to save two weeks of coding and testing time.	10/16/06
1	Execute	All	Lena Johns	Mark Cone	Ryan Vincent, Carmen Pugh															
2	Execute	Dept 1	Lena Johns	Mark Cone	Nathan Gail	6/12/06	A	7/28/06	A	2/15/07	F	7/28/07	6/1/07	G	G	G	G	G	Escalation needed: decision on training approach.	10/20/06
3	Execute	Dept 1	Lena Johns	Mark Cone	Gopi Fla, Gaby Allen					10/11/06	A	12/15/06	12/20/06	G				G	In sync with operations department on full production.	10/20/06
4	Execute	Dept 1	Sami Green	Mark Cone	Amy P, Denise, Alan, Laurie, Denise, J, Jason	9/15/06	F	12/31/06	F	2/15/07	F	2/15/07	2/15/07	G	G	G	G	G	Added extra year and contract help.	
5	Initiate	All	Francis McGee	Mark Cone	Tom Ross, Merilee Canham, Christopher, Sam, Susan, Steve, Tom, Bob, Rick, Barbara	9/18/06	A	11/10/06	F	12/18/06	F	12/23/06			Y	G	Y	Schedule recovery: data collection beginning prior to Plan phase. Main Plan team will be performed during lockoff meeting. This will save about two weeks.	10/20/06	
6	Plan	All	Joe Freed	Mark Cone	Gopi Fla, Simi Tan	9/15/06	A					11/17/06							Waiting for the finalization of the documentation.	11/9/06
7	Execute	All	Joshua Benedict	Mark Cone	George Cope, Judy King, Just Jira, Frieda Lutz	6/15/06	A	7/5/06	A	12/1/06	A	12/31/06	12/22/06	G				G	Grandfathered project.	10/20/06
8	Execute	All	Ramon Bell	Mark Cone	none	3/15/06	A	4/15/06	A	11/30/06	F	11/15/06	12/8/06	R	Y	Y	Y	Ran into unexpected software licensing issues. Looking into the web and will make a decision when we get information requested from US.		
9	Execute	Dept 1	Ramon Bell	Mark Cone	Gopi Fla, Frieda Lutz	11/1/06	A	11/28/06	A			11/30/06	12/2/06	G	G	G	G	G	On schedule and executing now.	11/16/06
10	Done	Dept 1	Ramon Bell	Mark Cone	Gopi Fla, Frieda Lutz							10/15/06	10/15/06	G	G	G	G	G	This is complete.	11/16/06
11	Plan	Dept 2	Mevin Abrams	Lom Barnes	Lom Barnes, Zena Filip, Steve Elsbach, Scott Johns	10/2/06	A					1/31/07	1/31/07	G	G	G	G	G	Tasks are on schedule.	11/8/06
12	Execute	All	Gregg Barker	Zena Filip	Zena Filip, Alex Wade					11/17/06	F	11/17/06			G	G	G	G		11/8/06
13	Execute	All	Mercury Mark Cone	Lom Barnes	Lom Barnes					10/1/06	F	10/1/06	3/1/07	R	Y	Y	Y	Y	Identification of final software application is going slower than plan. Escalation: request to borrow John and Frieda from Request Analysis group from Jan 2 to Feb 15.	10/20/06
14	Execute	Dept 1	Freeman Marker	Mark Cone/Dona Masouze	Donna Phillips, Karen Hubbsaker, Zena Filip			12/14/06	A			12/14/06	12/14/06	G	G	G	G	G	After second walk through we have to touch up a few elements.	11/20/06
15	Close	Dept 2	Mevin Abrams	Zena Filip	Lom Barnes, Zena Filip, Steve Elsbach, Scott Johns	6/29/06	A					9/25/06	10/31/06	R	G	G	G	G	Complete except for closeout.	11/8/06
16	Execute	Dept 2	Sam Zuhdan	Lom Barnes	Sam Barnes, Neal Mulvihill, Tom Wilson	10/3/06	A		A	12/2/06	F	12/2/06	12/15/06		Y	Y	Y	Y	After cross department dependencies than expected. Scheduled escalation and resolution meeting with department heads for 12/8/06.	11/20/06
17																				




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Platform Management

Best Practices

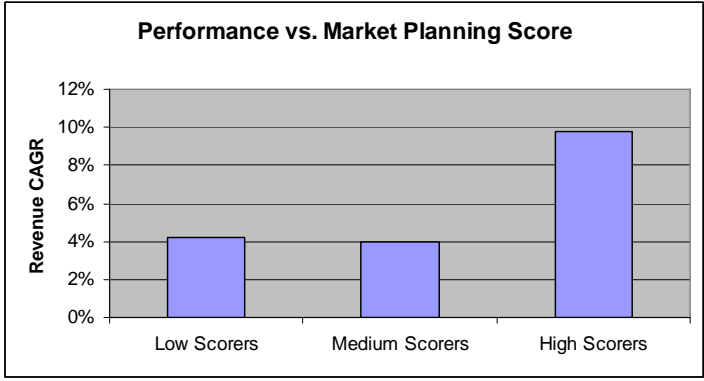
- Small number of base platforms focus effort
- “Building block” designs allow rapid customization and flexibility
- Platform cost spread over long string of derivatives
- High hurdles for going off-platform



Kappa platform
© General Motors

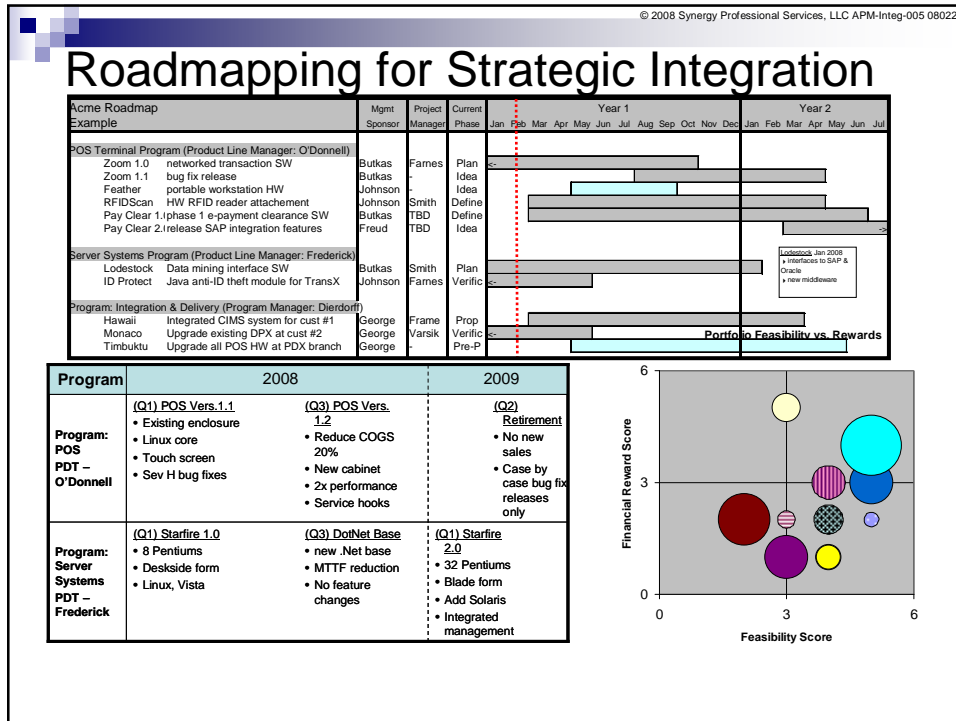
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Market Planning



Market Planning Score	Revenue CAGR
Low Scorers	4%
Medium Scorers	4%
High Scorers	10%

Source: IBM Institute for Business Value, performance 1996 - 2001



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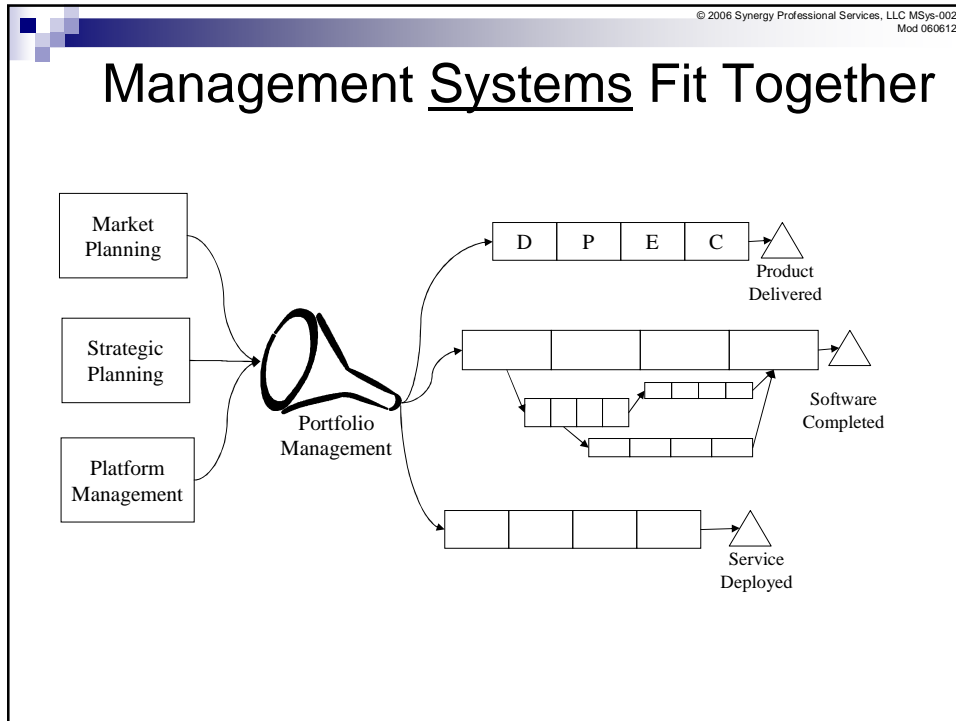
Market Planning

Best Practices

- Formal, frequent process generates lots of ideas
- Strong partnership between development and marketing
- Mix of styles and people
- Strong up front analysis
- Finds customers' unstated needs

Go to the Gemba

... where the real action takes place



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Takeaways

- Program management ...
 - ... is not project management on steroids!
 - ... fits with other management disciplines.

<u>Discipline</u>	<u>Purpose</u>
Project Management	Do Projects Right
Program Management	Do Projects Together
Portfolio Management	Select the Right Projects
Platform Management	At the Right Pace
Market and Strategic Planning	With the Right Fit

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Books and Articles

The Innovator's Dilemma	Clayton Christensen	disruptive innovation
Winning at New Products, 3 rd ed	Robert Cooper	stage gate systems
Portfolio Management for New Product Development, 2 nd ed	Robert Cooper	portfolio management
Revolutionizing Product Development	Wheelwright and Clark	chapters on portfolio and platform management
Fast Forward MBA in Project Management, 2 nd ed	Eric Verzuh	Project and enterprise program management
The New Project Management	J. Davidson Frame	a call for new project management techniques
Reshaping the Funnel	IBM Institute for Business Value	innovation pipeline and best practices
The Standard for Program Management	Project Mgmt Institute	2006 international standard

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Classes and Associations

Classes

OGI Center for Professional Development - http://cpd.ogi.edu/	<ul style="list-style-type: none"> • Aligning Projects and Strategy: Project Portfolio Management • Project Management Foundations • Managing Projects in Chaotic Environments
Portland State University	<ul style="list-style-type: none"> • Project Management Certificate Program • Managing Multiple Projects class

Professional Associations

Project Management	Portland Chapter of the Project Management Institute – www.pmi-portland.org
Program Management	The Program Management Forum – www.programmanagementforum.org
Portfolio Management	Portfolio Management Roundtable – www.spspro.com/pfm_rt.htm
Market Planning	Product Development and Management Association – www.oregonpdma.org