

# NPD Read Paper

where innovation begins



Issue No. 6

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# NEWS

## Prodex delivers product Innovation Masterclass facilitated by Dr. Robert Cooper

In March Prodex Systems welcomed Dr. Robert Cooper back to Australia to facilitate a series of public and in-house workshops as part of the 2011 Prodex Innovation Masterclass Series.

Analysis of the feedback provided by delegates of the two events in Sydney and Melbourne indicated that Dr. Cooper's content and delivery exceeded expectations in both locations. It is very clear that Bob Cooper provided a great insight into the best practices and pathways for NPD, Stage-Gate and Portfolio Management processes. As highlighted by the testimonial statements and feedback provided, it is evident that Bob's personal experience, use of "real-world" examples, practical tools and methodologies, and his energetic and passionate, hands-on approach to learning allowed delegates to engage and learn on many levels.

The Cooper workshop series not only set a very positive tone for the remainder of the 2011 Prodex Innovation Masterclass series but also marks the second annual Prodex hosted workshops featuring Dr. Cooper. We hope to see Bob again in 2012!

# 96%

of delegates would like to be informed of future Prodex training events

# 93%

of delegates would recommend a colleague to attend a Cooper workshop

**"An engaging and highly valuable view on best practice innovation methodology. Bob Cooper's experience and insight are invaluable for any company who values product development"**

Neal Mercado | Blackmores

**"No one else can communicate the theory and reality of product development with the same skill and conviction"**

Jonathan Lord | Taylors Wines

**"Very insightful and extremely valuable to my understanding of Stage-Gate systems. I wish I had done this training sooner"**

Aimy Johnston | Virbac Australia

**"Bob Cooper is still on top of the NPD game. This is the third time i've been to one of his presentations and it's good to see he is not sitting still. It's been very worthwhile keeping informed of the developments in NPD management"**

David Chappell | Centor Architectural

**"Bob has a lot of very relevant experience in NPD and his stories really helped amplify the points he made. He delivered a lot of content and gave me some clear ideas about what our process should look like"**

Mark Donohoo | Cochlear Ltd

Contact us now for bookings for in-house and public Bob Cooper workshops in Feb/Mar 2012.



Dr. Robert Cooper - World's #1 Innovation Scholar



feature

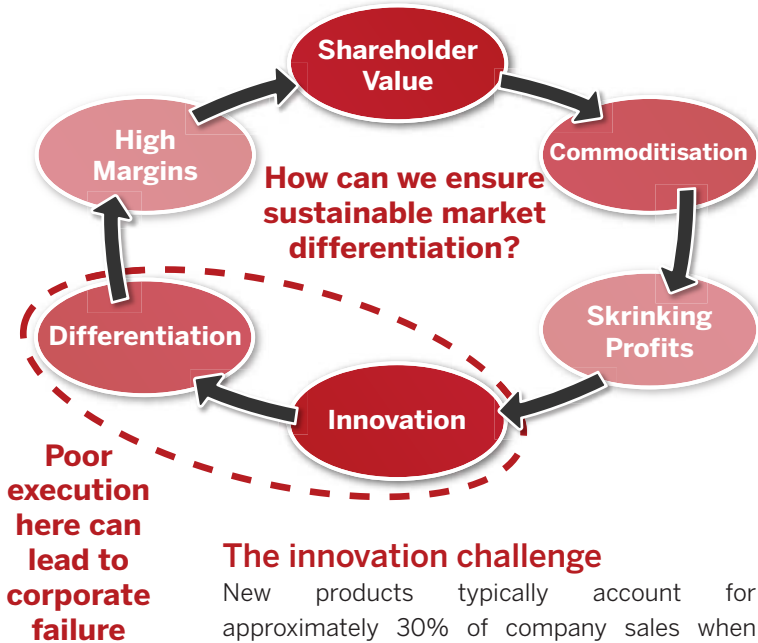
# Innovation Maturity: A Framework for Increasing Innovation Productivity

The term “**Innovation Maturity**” implies not only that some companies may have higher levels of innovation maturity than others, but also that they may be enjoying benefits from their innovation investments that others are yet to realise. Prodex Systems’ Managing Director, **Gerard Ryan**, discusses how to build innovation maturity to better leverage the investments made in New Product and Business Innovation.

## Innovation has come of age!

After years of lip service, innovation is now firmly on the corporate agenda as the key to survival and growth.

Competitive pressures, the fragmentation of markets and the relentless trend towards the commoditisation of products and services demands an effective response - the creation of a highly effective and highly efficient innovation program.

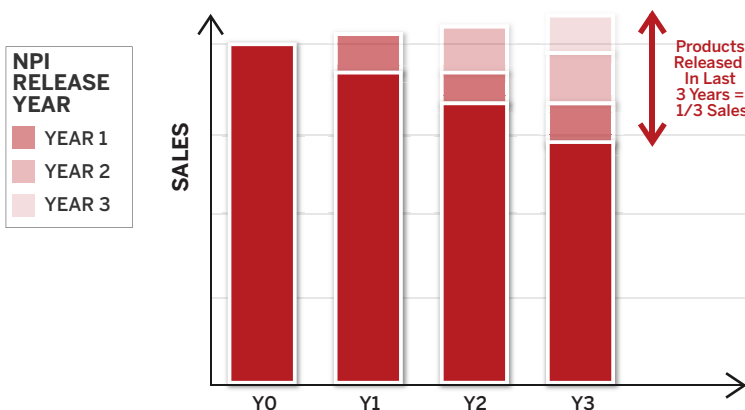


## The innovation challenge

New products typically account for approximately 30% of company sales when defined as products which have been on the market for 3 years or less. While this metric varies between industry sectors and between companies, the rate of new product introductions and corporate dependency on their success is increasing and is expected to grow by a further 21% over the next 5 years.

Despite demand for growth through innovation, **almost half of product innovation projects fail to deliver against their project objectives.** Worse still they are often late to market and over budget.

**Vintage Chart: % Sales from New Products based on release year**



## Average companies get average results

Across any measure, the contrast between "average" performers and "best" performers in new product surveys is staggering.

METRIC	AVERAGE COMPANY	BEST PRACTICE COMPANY
% of sales from New Products	25.2%	<b>49.2%</b>
% of profits from New Products	22.0%	<b>49.2%</b>
# of ideas for 1 success	8.4%	<b>3.5%</b>
% of resources spent on project failures	46.0%	<b>20.0%</b>

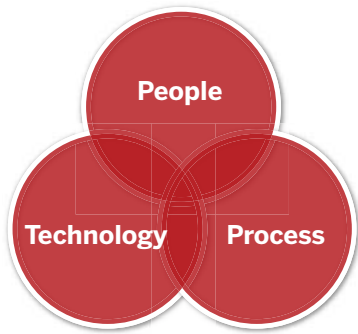
Translated into business results, an effective innovation program will:

- Increase the success rate of new products
- Reduce time to market for new development projects
- Increase the proportion of projects delivered within budget
- Shift portfolio balance away from incremental product development
- Increase the proportion of 'new to company' and 'new to market' products
- Reduce the total number of development projects
- Increase the average value of each project
- Increase sales and margin

## Defining Best Practice

The good news is that the core set of practices which differentiate 'best practice' companies from 'average performers' have been thoroughly researched and can be easily identified.

The identification and implementation of innovation 'Best Practices' has been the focus of new product development management research for decades. Leading this field of research for many years has been Dr. Robert Cooper whose studies have identified 3 key drivers of innovation success: Strategy, Process and Resources.



**Organisational Change Model**



**Key Drivers of Innovation Success**

“Companies who focus on these 3 dimensions realise a 30% to 70% increase in the productivity of their innovation investments ”

In the parallel world of implementing effective organisational change, the mantra to focus on People, Process and Technology has prevailed. Technology is recognised as a key enabler of increased productivity and, when implemented with due consideration of processes and resources, can deliver significant payback.

There are many tools and processes which companies use to increase their innovation effectiveness and there are several definable phases of maturity through which companies pass as they progress towards best practice.

**Product Innovation Maturity Model (PIM)**

Integrating these frameworks is the basis for the Product Innovation Maturity model which places four key drivers of organisational change in Innovation Governance as the horizontal swim lanes and the four phases of Innovation Maturity as the columns.

This model assists in defining the EXISTING and PLANNED position against each of these dimensions.

		KEY PHASES OF INNOVATION MATURITY			
		ELEMENTARY	EFFECTIVE	ADVANCED	ENHANCED
KEY DRIVERS OF INNOVATION PERFORMANCE	STRATEGY	Ad Hoc Opportunistic	Integrated project plans	Strategic Portfolio Management	Market and technology led Platforms
	PROCESS	Unstructured Linear	Stage Gate Idea management VOC processes	Integrated process models + Portfolio reports	Knowledge management + Information reuse
	RESOURCE	Functional Hierarchical	Early Cross Functional	True Cross Functional with Matrix structure	Distributed Global High performance platform teams
	TECHNOLOGY	Excel	MS Project Early Stage Gate automation	Integrated Idea, Stage Gate + Portfolio tools	Integrated Road mapping and Platform Planning

**Product Innovation Maturity Model**

Prodex	ELEMENTARY	EFFECTIVE	ADVANCED	ENHANCED
STRATEGY	Ad Hoc Opportunistic	Integrated project plans (S1)	Strategic Portfolio Management (S2)	Market and technology led Platforms (S3)
PROCESS	Unstructured Linear	Stage-Gate Idea Management VOC processes (P1)	Integrated Process Models + Portfolio Reports (P2)	Knowledge management + Information reuse
RESOURCE	Functional Hierarchical	Early Cross Functional (R1)	True Cross Functional with Matrix Setup (R2)	Distributed Global High performance platform teams
TECHNOLOGY	Excel	MS Project Early Stage Gate Adoption (T1)	Integrated Idea, Stage Gate + Portfolio Tools (T2)	Integrated Road mapping and Platform Planning

## Application example: Alpha Corporation

### STRATEGIC INITIATIVES

Alpha Corp has been predominately reactive with discrete examples of genuine product innovation. In evolving its innovation strategy, Alpha Corp now seeks to make the following shifts:

(S1) → (S2)  
[YEAR 1]

- Increase the proportion of new to company and new to world product innovation
- Increase the average margin of all new products

(S2) → (S3)  
[YEAR 2 & 3]

- Develop key platform technology solutions
- Deploy a systematic sequence of high value to customer, derivative new products

### PROCESS INITIATIVES

In support of this Strategic Initiative, Alpha Corp will evolve its:

#### 1. Stage-Gate Process

Define discrete process models for:

- Technology Platform projects
- New to Company (4 stages)
- Incremental (2-3 stages/fast track)

#### 2. Portfolio Management Process

Introduce methods to shift resources from incremental projects to allow the realisation of "Fewer, Bigger, Better!"

### 3. Ideation Process

- Align ideation processes and programs with strategic arenas and portfolio objectives
- Define discrete idea process models, templates and scorecards
- Appoint idea managers for each idea process model

### 4. Voice of the Customer Process

Initiate Voice of the Customer projects to identify unmet customer needs within arenas of strategic focus

### RESOURCE INITIATIVES

- To achieve this program of process evolution, a prioritised training program has been defined over a 12 month time frame to introduce and develop organisational capabilities.
- Training activities will be aligned to each of the process evolution activities

### TECHNOLOGY INITIATIVES

- To support the total program of effort, Alpha Corp, reorganises the need for an enhanced information, communication, work flow and decision support system for Innovation Governance.
- An IT project has been initiated to communicate early evaluation of options and plan a realistic implementation program aligned with organisational change management capacity.

### Summary

The Product Innovation Maturity Model provides a framework for the realisation of increased profitability through New Product Innovation. The model is an effective way to communicate the interdependency which exists between the key drivers of innovation performance (strategy, process, resource and technology). It provides a systematic framework for the progression toward an enhanced, world class Product Innovation capability.

Prodex Systems use the Product Innovation Maturity Model as a framework for defining and deploying its integrated range of consulting, training and technology services to achieve **Product Development Excellence.**

## Prodex In House Training

### Successful Product Development

Successful Implementation of product development best practices is only possible when your people have the knowledge and skills they require. Prodex offers public and in-house training programs in the following areas:

**“Successful Product Development”** – A one-day workshop which provides detailed information on the effective management of new product development from Idea to Launch.

#### Customer feedback:

*“The workshop was very well run - a great consolidation of various concepts and useful techniques to help us streamline our processes.”* (Electronics equipment manufacturer)

*“Case studies are excellent.”* (Mining R & D Company)

*“Very well done & organized.”* (Electronics Automation Company)

*“The presenter, Gerard Ryan, was excellent and made the workshop very informative and interesting.”* (Food products manufacturer)

### Customised and In-House Training

We offer all of our training programs on an in house basis and will customise the content to meet your specific business needs. Key subject areas include:

- Idea generation and management
- Stage Gate process development and enhancement
- Effective gate keeping for innovation executives
- One on one coaching for innovation process owners and team leaders
- Product portfolio management
- Voice of the Customer methods for Breakthrough New Products

### Innovation Master-class Workshops

Prodex works in partnership with the world’s leading Innovation academics, consultants and practitioners to provide the best possible training for you and your Innovation team. Our Master-class presenters include:

**Dr. Robert Cooper** – Worlds # 1 Innovation Scholar, Creator of the “Stage-Gate” process and author of over 100 papers and 8 Books including the bestseller: *“Winning at New Products”*

**Dr. Irene Petrick** – Internationally recognised expert in Strategic Roadmapping, consultant to Boeing, Motorola and Intel and Professor at Penn State University.

**Pichard Paynting** – Former VP of Product Development at Bose Corporation. Leading facilitator of Voice of the Customer Methods for Breakthrough Innovation



Gerard Ryan - Managing Director, Prodex Systems



Dr. Robert Cooper - Stage Gate creator



Dr. Irene Petrick - Roadmapping expert

For more event information:

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