



feature

# Q & A:

## Dr Robert Cooper

Bob Cooper is the most prolific researcher into the determinants of success and failure in new product development. Widely recognised as the Father of the Stage-Gate® Process and honoured by the PDMA as the World's #1 Innovation Scholar, Bob has worked closely with leading international companies such as P&G and Guinness Breweries. He has authored over 100 papers and 8 books, including his internationally acclaimed best-seller, *Winning at New Products*. Despite enormous pressure on his time, Bob was able to talk with **Gerard Ryan**, Managing Director of Prodex Systems, on the eve of his visit Down Under to facilitate the 2010 Prodex Innovation Masterclass Series.

**GR** Bob, the topics of your three upcoming Masterclass workshops are essentially cornerstones of new product success. We have the Stage-Gate® process, the portfolio management and strategy process and the idea management process. Why are these three processes so important for businesses today?

**BC** Businesses today, all over the world are facing common problems. This is despite their differences in industry type, company size or market structure. All businesses are facing price erosion, commoditisation of markets and in many cases, flat no growth markets. The challenge as we come out of this economic crisis, as some countries are calling it, is how do we get the growth engine moving again? Most CEO's and industry leaders are saying "Innovation" is the name of the game. For too many years, senior management has fooled itself that it is doing innovation. They do line extensions, product modifications and product spin-offs. However, there is a real shortage of true innovation. This has hurt many companies as they continue to face increasing commoditisation and price erosion. They have got to get their innovation game right otherwise it is going to be a very tough road ahead.

**GR** To help companies get their innovation game right, can we dive a little deeper into the content of each of your upcoming workshops. Starting with the Stage-Gate® workshop, which is closely aligned to your book 'Winning at New Products'. Why is the Stage-Gate® process and the concept of gating and funneling so important and essentially the foundation element of these three cornerstone topics?

**BC** Firstly, a little bit of background on Stage Gate®. We have done a lot of work with companies over the years trying to identify who are the best performers and what are they doing differently from other companies. We have identified 15 critical success factors that underpin "Winning at New Products" and what we have done is integrate these factors into a system. We refer to this as an "Idea to Launch" process, which defines what it takes to win and we build the 15 critical success factors into a game plan. What the stage gate process is, is a game plan for driving your new product projects to market quickly, efficiently and successfully.

The whole notion of Stage-Gate® is, that the gates are where we make the top decisions,

where we take a large number of concepts, ideas and product definitions and narrow them down to a handful of best bets that we invest in and really drive hard.

The notion of "Stages" is where the key activities, upfront work, and development work is done. Stages build in all the best practices in order to drive the project ahead to the next gate.

Stages are about doing the projects right, and gates are about doing the right projects.

**GR** Bob, you mentioned "Doing the right Projects" which leads us into the topics of Portfolio management and strategy, including the concept of strategic buckets. For companies who are trying to align their business strategy with their product innovation strategy, could I ask you to discuss the key concepts: business strategy, portfolio management and the concept of strategic bucketing?

**BC** Most companies lack much in the way of a product innovation and technology strategy. And the result is that they often focus their R&D and product development efforts in the wrong areas. Often in areas that are not too lucrative or promising and frankly the results are disappointing. Other companies suffer from a scattergun approach. They're trying to do too many different things in too many different areas.

**"Stages are about doing the projects right, and gates are about doing the right projects."**

They become a master of everything and an expert in nothing and it is a deadly approach. In the workshop on portfolio management and innovation strategy, day one is focused on developing a product innovation and technology strategy for your business and principally it deals with the issue of 'where do you want to play the game?', 'where do you want to focus your effort?', 'where can you win?' and 'where can you make the most money?'. Day two follows from that with the concept of translating that strategy into reality through a depth of project selection. Portfolio management is the topic and it's basically about making the right innovation investment decisions. Strategy becomes real when you start spending

money. Day two is focused on 'where do we spend our money?', 'which projects do we do?' and 'what's the relevant prioritisation of these?'. We spend quite a bit of time on issues such as strategic buckets, which is an attempt to ensure the company has the correct mix and balance of projects in terms of expenditures, and also product roadmapping which takes that strategy and maps it out in a set of major product initiatives over the next five years. There are some neat techniques around the whole issue of product selection and prioritisation that not many people are familiar with and yet they are being used in best practice companies and they work! People are making much better R&D and product development investment decisions. In summary, this seminar is really about defining your innovation strategy and then making the right investment decisions through portfolio management.

**GR** In addition to portfolio management and strategy, companies trying to enhance their portfolio need to recognise the importance of idea management. It is really a garbage in, garbage out concept. By improving the quality of what's coming into the innovation pipeline and refocusing efforts into the front end, you can ensure there is a constant stream of available good ideas that can be executed very quickly through the pipeline.

**BC** You're absolutely right. Feeding the innovation funnel is critical to success. When we study companies that have a steady stream of major new products and innovations, one thing they are blessed with is a large number of breakthrough, game-changing new product ideas.

## **“The best performing companies install a front end on their innovation process that focuses on generating ideas in the right strategic arenas.”**

These ideas don't come about by accident, they come about by hard work. The best performing companies install a front end on their innovation process that focuses on generating ideas in the right strategic arenas. Our seminar looks at the top twenty methods for generating ideas. We have done a lot of research into which methods seem to

deliver the best outcomes, and we will be focusing on these top 20 methods. Here's how you get great ideas to feed the funnel. Part of the seminar deals with once you have the ideas, how do you pick the winners? The problem with having too many winners is that nobody makes a decision and, like grapes on the vine, they wither and die. So we spend time in the seminar on the topics of taking those ideas and narrowing them down to a handful of best bets and then using those best bets to feed the innovation funnel. An exciting two days!

**GR** You mentioned before that a lot of company's portfolios have too many small or incremental, short-term projects, and there is a need for more break through ideas. When we are talking with companies they use the term “Fewer, Bigger Better”. How can companies go about looking for the bigger, game-changing ideas?

**BC** Many companies are now looking at customer problems rather than simply customer needs. “Find big problems and we will come up with big solutions” seems to be the approach. A pharmaceutical distributing company that was delivering drugs and medications to hospitals discovered that the hospital customer had an absolutely abysmal internal control and logistics system. So the solution they proposed was, “Look, we're experts in distribution and information systems and logistics, we will run the internal distribution of drugs and medications within the hospital so they won't get lost, stolen, or mis-administered to patients”. Now they have a thriving business. I guess you could say this is a systems approach or an integrated approach, a collection of a number of different services and offerings including physical products such as dispensing machines. That's what we are looking for. Starting with big problems and starting with a top down approach. Very often those big ideas are a big integration of a number of small ideas, or an entirely new technology platform which can then deliver a number of products.

**GR** In talking to some companies about your upcoming events, they have posed the question as to which events are most appropriate for their particular business needs. An observation from our work, is that companies move through different phases of maturity. We see companies initially adopting the Stage-Gate® process and following a single five stage process and then moving to adopt

multiple processes. Eventually, their focus shifts to strategy, portfolio management and differentiation via strategic buckets. We also see companies start to look at the overall health of the portfolio and increase the emphasis on high quality ideation methodologies. It is the recognition that the quality of what comes out of the innovation funnel is very much dependant on what the inputs are. Could I ask you to comment on this and give an idea to our readers which seminar may be appropriate for their business?

**BC** We actually use a maturity model to help explain to companies what their needs, problems and challenges are and we set it on a time frame. It's exactly how you have described it. At the beginning most companies have a clean slate. The usual emphasis is on getting the idea to launch system working. They have projects underway, they are floundering and not getting projects to market on time. They are not doing a very good job on the key things which are essential to making the projects run well. Getting an effective Stage-Gate® process in place is a relatively straight forward thing: it can be done in less than a year. It is very tactical and very hands on and it gets results very fast.

Once businesses have a pipeline of projects underway that are being executed in a pretty good fashion, they start to get concerned about the mix of projects they have. Too many small, short-term projects, not enough of the bigger, long-term projects which are going to meet their long term goals. The company then starts to shift its thinking towards portfolio management. Unlike the idea to launch (Stage-Gate®) process, portfolio management is more about the bigger picture. What is the total set of projects? Are we making the right investment decisions? At this point, portfolio management, strategic buckets, roadmapping and looking at groups of projects together becomes the next concern of most companies. Once they realise these issues they then realise they lack a strategy. If you are going to pick the right projects, the first question when designing a portfolio is 'what's your innovation strategy?' this logically leads companies into developing an innovation and technology strategy.

In parallel to this, many companies are realising that they don't have good ideas. Some are blessed, but a lot of companies, particularly in flat markets and mature businesses, are dearth of sharp new product ideas. So in trying to enhance the portfolio they realise they need good ideas to feed into the funnel which leads to a focus on idea generation.

To summarise, yes the logical progression is typically start with Stage-Gate®, then move to

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portfolio management, then move to strategy development and along the way worry about getting good ideas into the system.

More information about Bob's upcoming Masterclass series in Australia and New Zealand can be found at:  
[www.prodex.com.au/masterclass](http://www.prodex.com.au/masterclass)

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- How executives can drive innovation
- Case examples of leading companies and how they have best applied these best practices.
- How companies can generate bigger, game-changing, long-term ideas



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