



NPD: Selecting Projects

by Jonathan Smith

One of the most critical areas for attention in ensuring that resources actually do follow the NPD priorities of the business is the method by which individual projects are selected for initiation. Once a project has started, resources are eaten up and the thing develops a life and momentum of its own. So it is essential that any potential project is subjected to some pretty harsh scrutiny before it ever gets going.

What is needed is a focused, rapid, lean system for outlining and reviewing new project proposals. Too many businesses fall into the trap of having cumbersome, bureaucratic systems, involving large amounts of paper and endless meetings. This does not lead to good quality decision making.

The case for each project needs to be clearly made by the would-be project champion and then thoroughly tested by a small group of senior managers. This process of challenge is likely to lead to the best quality of decision making. In some ways it's like a court of law: the case for the prosecution is tested by the defence barristers.

Project proposals can come from a whole range of people but none must be allowed to bypass the approval process. In so many businesses that we see "unofficial" projects get by on a nod and a wink, diverting resources from the agreed programme. Managing Directors and other senior people are often the main culprits!

Project proposals should be short documents which are high on facts, and evidence, and thought, and short on words and waffle! It is easy to wrap up and conceal a weak business case in lots of words. It is less easy to do so on one side of A4 laid out in bullet points!

The proposal needs to outline briefly and clearly a number of key points:

- how the proposed project fits with the overall objectives and strategies laid out for the NPD programme as a whole
- what consumer need/opportunity the project aims to meet and the evidence to support this
- how the project fits with the known aims of the retail customer
- an estimate of the profit potential of the project with

underlying assumptions made clear

- a first view of how the project fits with the company's operational capabilities
- how much competitive advantage the company brings to the project

Each proposal needs to be scrutinised by a small, senior team who can take a broad overview of the overall NPD programme. They need to see themselves as the guardians of the NPD resources of the company and be accountable for the performance of the NPD operation as a whole.

This team needs to ask all the difficult questions and put each project proposal on trial for its life. It is the quality of this scrutiny that will determine the proportion of good decisions taken, not the complexity of the process.

The team should be small in number so that it can convene rapidly to look at new proposals but include each of the relevant areas of the business: marketing, sales, operations, and technical/NPD. Others can be involved on an ad hoc basis but the operation of the team should not be bogged down by routinely including large numbers of people.

Project proposers may frequently be sent away to get further evidence or re-think aspects of their proposal before approval is given.

The green light to start a project should not be seen as a license for endless activity. The scrutiny team may well authorise a limited amount of work to be done prior to a review of the project.

If the process is working well, there should be a significant fallout rate at the initial scrutiny stage. If not, then either the scrutiny is too soft or there is an insufficient supply of challenging ideas coming forward.

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