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2017 Best Practices Tour  
Minneapolis Regional Innovation Round Table  
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# Options Thinking for Your NPD Process

September 14, 2017

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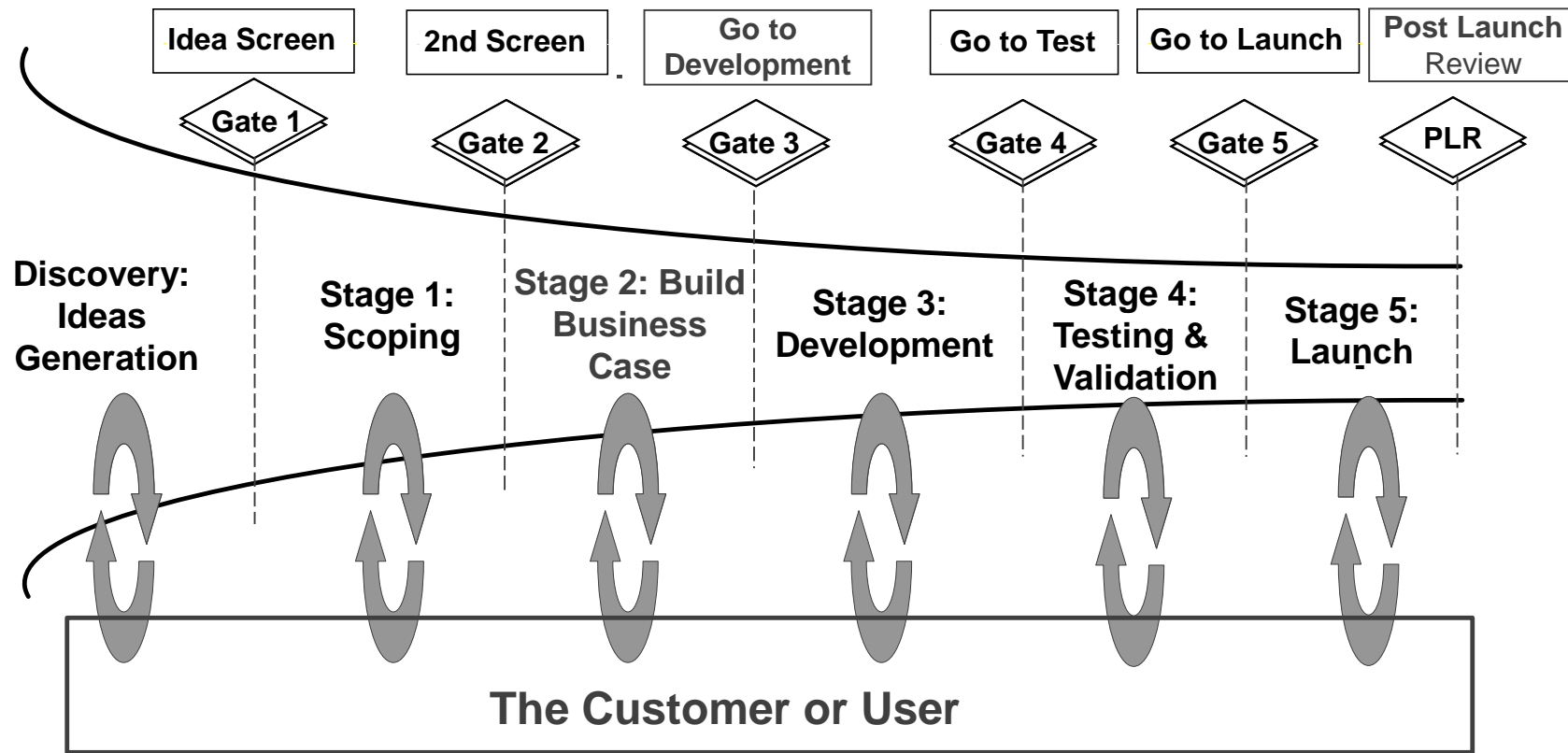


# VCU

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# Best Practices for NPD Process

- A clear NPD process should exist.
- A common NPD process should cut across organizational groups.
- Go/No-Go Criteria are clear and pre-defined for each review gate.
- While the Stage-Gate<sup>®</sup> process serves as the NPD backbone, the NPD process should be flexible and adaptable to meet the needs, size, and risk of individual projects.
- The NPD process is visible and well-documented.



For Less Complex and Smaller Development Projects,  
Use an Abbreviated Version: 2-3 Gates

Source: Robert Cooper, Chapter 1, **PDMA Handbook 3<sup>rd</sup> Edition**, 2012

**PERSPECTIVE: Trends and Drivers of Success in NPD  
Practices: Results of the 2003 PDMA Best Practices Study\***

**JPIM 2009**

Gloria Barczak, Abbie Griffin, and Kenneth B. Kahn

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*Since 1990, the Product Development & Management Association (PDMA) has sponsored best practice research projects to identify trends in new product development (NPD) management practices and to discern which practices are associated with higher degrees of success. The objective of this ongoing research is to assist managers in de-*

**JPIM 2013**

**Product Development and Management Association's 2012  
Comparative Performance Assessment Study\***

Stephen K. Markham and Hyunjung Lee

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*Results of Product Development and Management Association (PDMA)'s Comparative Performance Assessment Study are presented from 453 companies. In addition to baseline questions from previous studies, new sections on culture, social media, services, sustainability, open innovation, and global product development practices are introduced. Extensive comparison between the best performing companies and the rest of the sample reveal numerous practices that lead to higher product performance in the market. Comparisons are also made between this study and previous PDMA best practices studies. In addition, geographic differences among North America, Europe, and Asia are explored. Practices leading to higher commercial performance are identified.*

# NPD Process Type Across CPAS Samples

NPD Process Use	2003 Sample (n=405)	2012 Sample (n=450)
No Standard Process	6%	9%
Informal Process	15%	23%
Formal Sequential Process	10%	19%
Formal Cross-functional Process	69%	49%
No NPD Process	21%	32%
NPD Process Exists	79%	68%

# NPD Process Type Across Region from the 2012 CPAS Study

Process Type	North America (n=196)	Europe (n=61)	Asia (n=149)
No Standard Process	9%	8%	9%
Informal Process	17%	23%	29%
Formal Sequential Process	13%	13%	33%
Formal Cross-functional Process	61%	56%	29%
No NPD Process	26%	31%	38%
Formal NPD Process	74%	69%	62%

# Question du jour

- Is an NPD process really necessary?
- Why or why not?



# NPD Process Type and Perceived Success

NPD Process Type	2003 Sample	2012 Sample
No Standard Process	3.96 (n=25)	4.28 (n=41)
Informal Process	5.16 (n=59)	5.51 (n=99)
Formal Sequential Process	5.47 (n=37)	5.65 (n=85)
Formal Cross-functional Process	5.62 (n=276)	6.13 (n=219)
No NPD Process	4.80 (n=84)	5.15 (n=140)
NPD Process Exists	5.60 (n=313)	6.00 (n=307)

# NPD Process Type and Perceived Success: 2012 CPAS Study

Process Type	North America	Europe	Asia
No Standard Process	2.94 (n=16)	6.60 (n=5)	5.04 (n=13)
Informal Process	5.89 (n=33)	5.71 (n=14)	5.01 (n=41)
Formal Sequential Process	4.86 (n=26)	5.50 (n=8)	6.06 (n=48)
Formal Cross-functional Process	5.90 (n=119)	5.94 (n=34)	6.80 (n=43)
No NPD Process	4.93 (n=49)	5.95 (n=19)	5.02 (n=54)
Formal NPD Process	5.71 (n=145)	5.86 (n=42)	6.41 (n=91)

# Point-Biserial Correlation Between NPD Process Use and Outcomes

	2003	2012 Overall	North America	Europe	Asia
Perceived Success	<b>.18**</b>	<b>.19**</b>	<b>.15**</b>		<b>.34**</b>
NP % of Sales for Past Five Years				<b>-.29*</b>	
NP % of Profit for Past Five Years					
Radical Innovation as % of R&D Budget		<b>-.15**</b>		<b>-.48**</b>	
More Innovation as % of R&D Budget		<b>.13*</b>		<b>.39**</b>	
Incremental Innovation as % of R&D Budget		<b>-.14**</b>	<b>-.29**</b>		

Key: \* =  $p < .05$ ; \*\* =  $p < .01$

# NPD Process Use and Innovation Strategy

Innovation Strategy	2003		2012 Overall		North America		Europe		Asia	
	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES
<b>Radical</b>			+				+			
<b>More</b>				+				+		
<b>Incremental</b>			+		+					

# Perceived Success across Process Use x Innovation Strategy

Innovation Strategy	2003		2012 Overall		North America		Europe		Asia	
	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES
<b>Radical</b>							6.83	4.67		
<b>More</b>			4.75	6.39					3.90	7.18
<b>Incremental</b>	4.24	5.51	4.70	5.58	4.30	5.46				

# Conclusions/Implications

- ◆ Using a formal process generally correlates to success.
- ◆ Regions appear to have different preferences for process use.
- ◆ Innovation strategy may influence process use.
- ◆ Based on perceived success, a formal NPD process may not be necessary for radical innovation.
- ◆ Need to consider other measures besides perceived success.

# Options for the NPD Process

- Stage-Gate<sup>®</sup> Process
- Agile
- Bounded Box Approach
- Spiro-Level Approach
- Others?

# Questions and Discussion