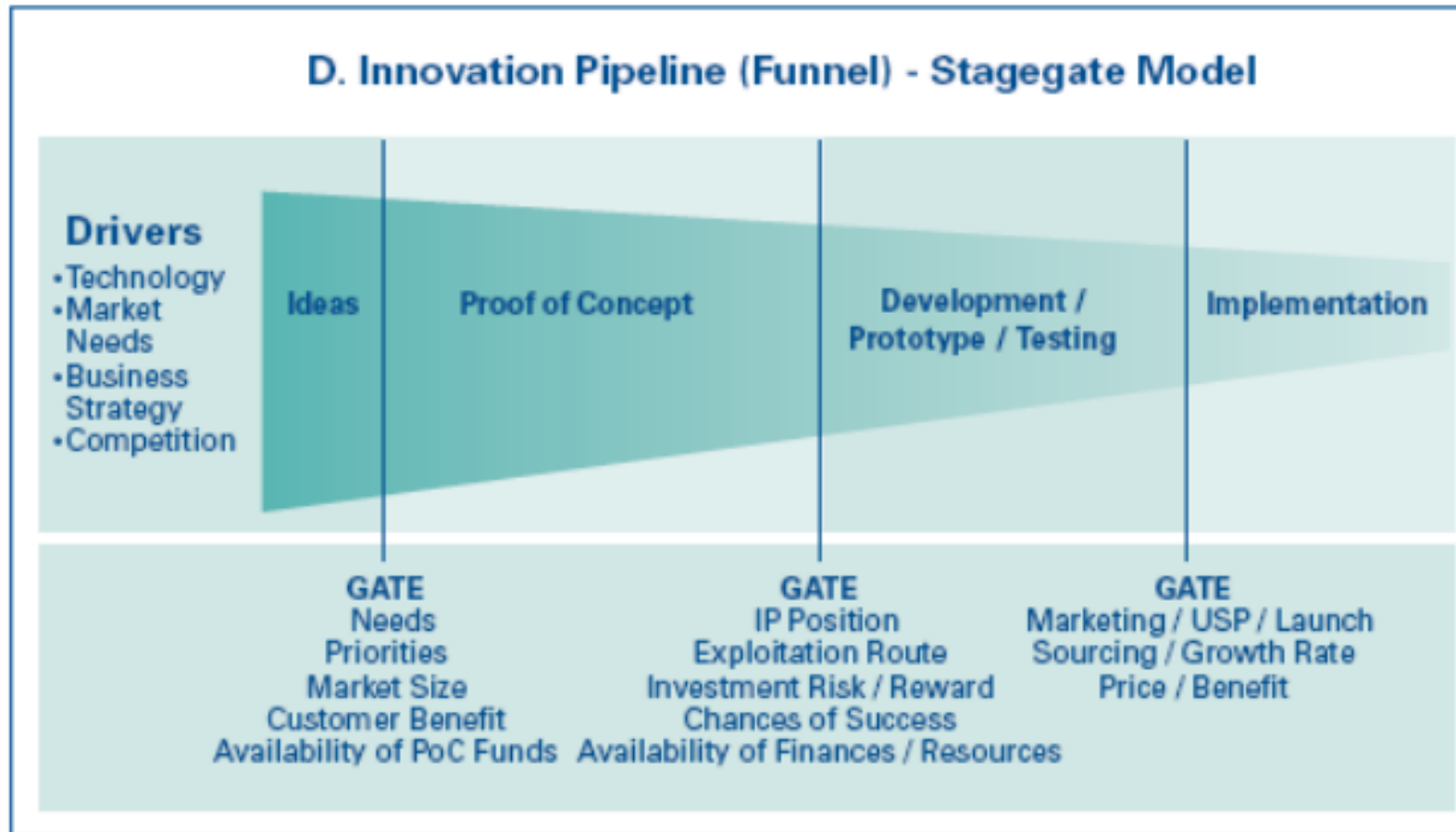


GEM 5

IMPLEMENTING INNOVATION

Chapter 1: Innovation Funnel



Stage Gate Model

- The Stage-Gate model is based on the belief that product innovation begins with ideas and ends once a product is successfully launched into the market.
- This has a lot to do with the benchmarking research that the Stage-Gate model design is premised on, and is a much broader and more cross-functional view of a product development process.
- The Stage-Gate model takes the often complex and chaotic process of taking an idea from inception to launch, and breaks it down into smaller stages (where project activities are conducted) and gates (where business evaluations and Go/Kill decisions are made).

The Stages

- Each stage is designed to collect specific information to help move the project to the next stage or decision point.
- Each stage is defined by the activities within it. Activities are completed in parallel and are cross-functional.
- The activities are designed to gather information and reduce uncertainty and risk.



Source: http://www.stage-gate.com/resources_stage-gate_full.php

Stage 0 – Idea Discovery

Initial work to discover and uncover business opportunities and generate new ideas.

Stage 1 – Scoping

Preliminary research and scoping of the project.

Stage 2 – Build the Business Case

Detailed research involving market and technical research leading to business definition, project justification, and the proposed plan for development.

Stage 3 – Development

Detailed design and development of the new product and the design of the operation or production process required for eventual full scale production.

Stage 4 – Testing and Validation

Tests or trials in the marketplace, lab and the plant to verify and validate the proposed new brand/marketing plan and production/operations.

Stage 5 – Launch

Commercialization – beginning of full-scale operations or production, marketing, and selling.

The Gates

- Preceding each stage a project passes through a gate where the decision to continue or not is made regarding the project.
- These serve as quality-control checkpoints with three goals:
 1. Ensure quality of execution
 2. Evaluate business rationale
 3. Approve the project plan and resources



Source: http://www.stage-gate.com/resources_stage-gate_full.php

Structuring of the Gates

Deliverables:

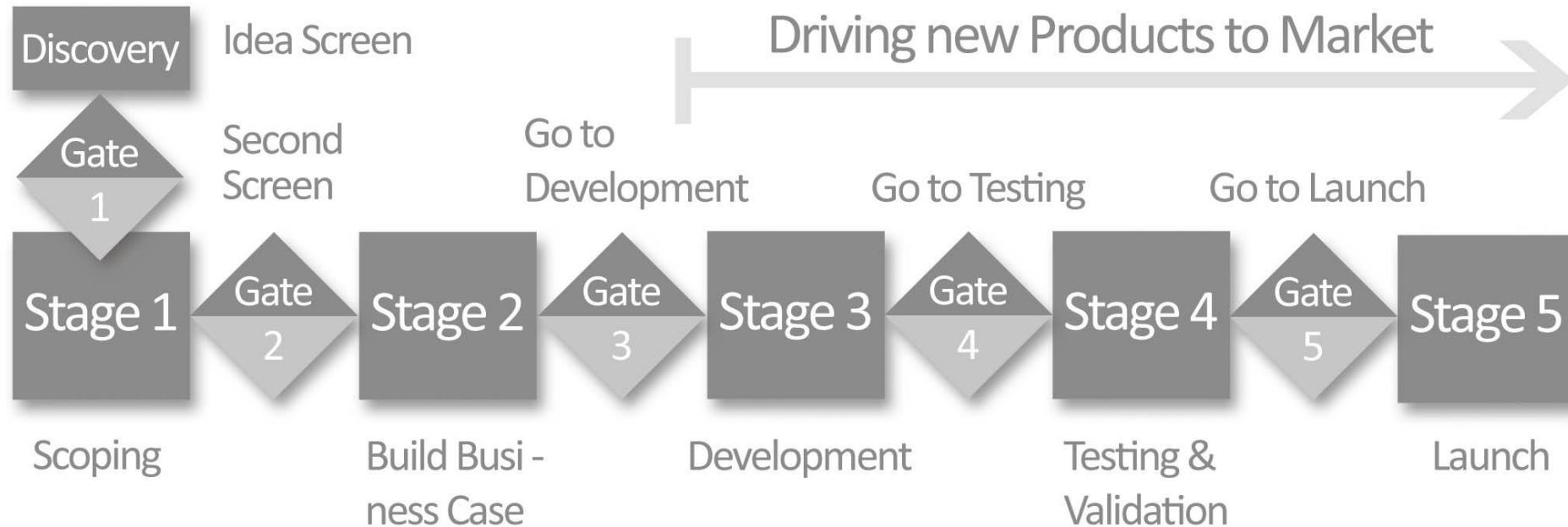
The project leader and team provide Gatekeepers with the high-level results of the activities completed during the previous stage.

Criteria:

- The project is measured against a defined set of success criteria that every new product project is measured against.
- Criteria should be robust to help screen out winning products, sooner.
- The authentic Stage-Gate process incorporates 6 proven criteria: **Strategic Fit, Product and Competitive Advantage, Market Attractiveness, Technical Feasibility, Synergies/Core Competencies, Financial Reward/Risk.**

Outputs:

- A decision is made (Go/Kill/Hold/Recycle).
- New product development resources are committed to continuing the project.
- The action plan for the next stage is approved. A list of deliverables and date for the next gate is set.



Source: <http://becreate.ch/methods/stage-gate-model.aspx>

Importance of Stage Gate Model

- The Stage-Gate model is designed to improve the speed and quality of execution of new product development activities.
- The process helps project teams prepare the right information, with the right level of detail, at the right gate to support the best decision possible, and allocate capital and operating resources.
- The process empowers the project team by providing them with a roadmap, with clear decisions, priorities, and deliverables at each gate.
- Higher quality deliverables submitted to Gatekeepers enables timely decisions.

Chapter 2: Case Study – Procter & Gamble

- P&G's cosmetics business took a turnaround the late 90s when the business unit management turned to P&G's *Initiatives Diamond* philosophy.
- The Innovation Diamond and the four driving factors were derived from a major study into new product performance and the practices that led to exceptional performance.



Source: http://www.stage-gate.net/downloads/wp/wp_21.pdf

Driver 2 – Idea to launch system: Stage-Gate

- The Stage-Gate model is used so that new product projects so that there is an effective launch of the product from the stage of ideation.
- P&G introduced the Successful Initiative Management and Product Launch model (SIMPL™), a stage-and-gate new product process, a methodology for driving new product, projects from the idea phase through to launch and into post-launch.
- The management identified the basic principles of the SIMPL™ model which can be adapted to many different types of businesses and projects leading to a standardized and globally applied Stage-Gate process.

Principles of P&G's SIMPL™ Process

- Winning in the marketplace is the goal.
- Use criteria for making Go/Kill decisions.
- Balance risk and rigor.
- Use a common language.
- Keep in mind that SIMPL™ is not stand alone.
- Practice effective implementation.

P&G's SIMPL™ Process – An Idea-to-Launch Stage-Gate Model

The Five Stages:

<u>DISCOVER</u>	<u>DESIGN</u>	<u>QUALIFY</u>	<u>READY</u>	<u>LAUNCH</u>
Promising Consumer Proposition	Integrated Business Proposition	the Initiative	Prepare Market Launch	Execute Market Entry

The Four Gates:

	1	2	3	4
Key Decision	Staff it?	Design complete? Start implementation?	Criteria met? Launch plan agreed?	Ready for launch?
Milestone	Project Establishment	Project Commitment	Launch Plan Agreement	Launch Authorization

SOURCE: M. Mills, "Implementing a Stage-Gate™ process at Procter & Gamble," Association for Manufacturing Excellence International Conference, "Competing on the Global Stage," Cincinnati, Ohio, October 2004.