



Managing Innovation

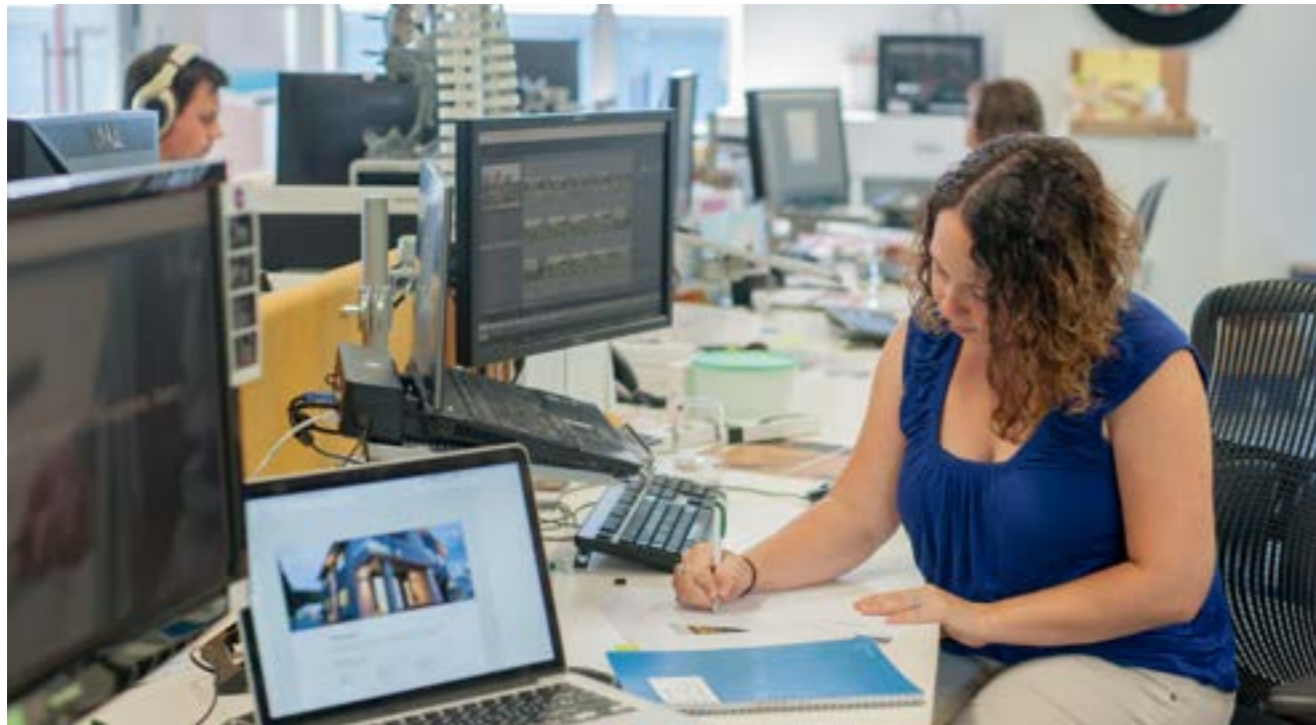
A guide to managing product development

Like any activity within your business, your product development and innovation activity should deliver on your strategy, goals, aspirations, and plans. It is important to be structured in a proactive way and, where possible, not just reactive to external conditions.

Managing Innovation sets out an approach to plan, manage, and execute your innovation in the best way possible, improve your results, and provide your team with a structure that everyone understands.

We aim to provide some guidance about the right focus at each level to ensure that both the strategy and implementation are delivering what you need.

We don't assert ownership over all of the approaches. As efficient magpies, we'll always pick up anything that is shiny and looks like it would do a great job. Our approach incorporates many techniques and skills from a range of fields.



Above: Robin hard at work in the Newnham Park studio.

Strategy & Planning

Planning is one of the hardest things to execute in the process of innovation. The most well laid plans will be challenged with so many inevitable changes along the way. It is important to have a strategy and plan that are capable of surviving change and providing direction.

A strategic plan:

- › **Will focus on what's most important.** It should provide relevant information and give your guidance along the way.
- › **Help accumulate internal knowledge.** This will create value for your products and services by improving their relevance, accuracy, or benefits provided to your customers, users, and stakeholders.
- › **Needs to be universally adopted.** The plans must be well communicated, be respected by all, and be constantly reviewed to ensure it remains relevant and accurate.

To create innovation plans that can deliver your strategy but survive change it is important to introduce levels to your planning, reporting and implementation.

These levels are important so that you are focussing on the right stuff at the right level.

For example, discussing the granular detail of a task with governance group or a board is not effective, unless it affects the high level strategy at a higher level.

The levels also are time based. You need to guide your longer-term plan, but you also need to execute critical tasks to achieve your short to medium term objectives. This approach guards against being caught unaware of disruptive approaches or technology that could affect your business.

Changing the way your work is managed and briefed is essential for the management function to be efficient and effective. This simple hierarchy is one we have used on complex R&D programmes.

Managing Innovation: It's not project management

Many businesses approach managing innovation the same way they would conventional project management. The problem is that developing new products and services differs substantially from building a bridge or putting in a new IT system. Innovation needs a different approach to that of conventional project management for many reasons.

There are unknowns

You don't already have in your hands what you are trying to develop. It may not be feasible or it may not work as desired once tested. Only so much research can be done to mitigate these risks.

Change is constant

In fact, it's the only constant that you can depend on over the course of your journey. You may have to change to adapt to meet the challenges ahead.

You can't control the market

You are developing something that has to be sold in a market and a customer has to make their own decision to purchase. You can understand the context, but even this is constantly shifting with the development of new technology and changes in people's lives.

Regulations can evolve quickly

The regulatory environment can move quickly and projects have to adapt to succeed. Compounding this, each market may have its own changes that occur at different times.

Getting it right takes time

Getting a product or service right can take longer than expected. The last 5-10% of your release can be time consuming.

Commercialisation is hard to define

You can plan to take a product to market, but cannot ever fully define how this will happen beforehand. Different distribution channels can call for new approaches to production that can impact your business model.

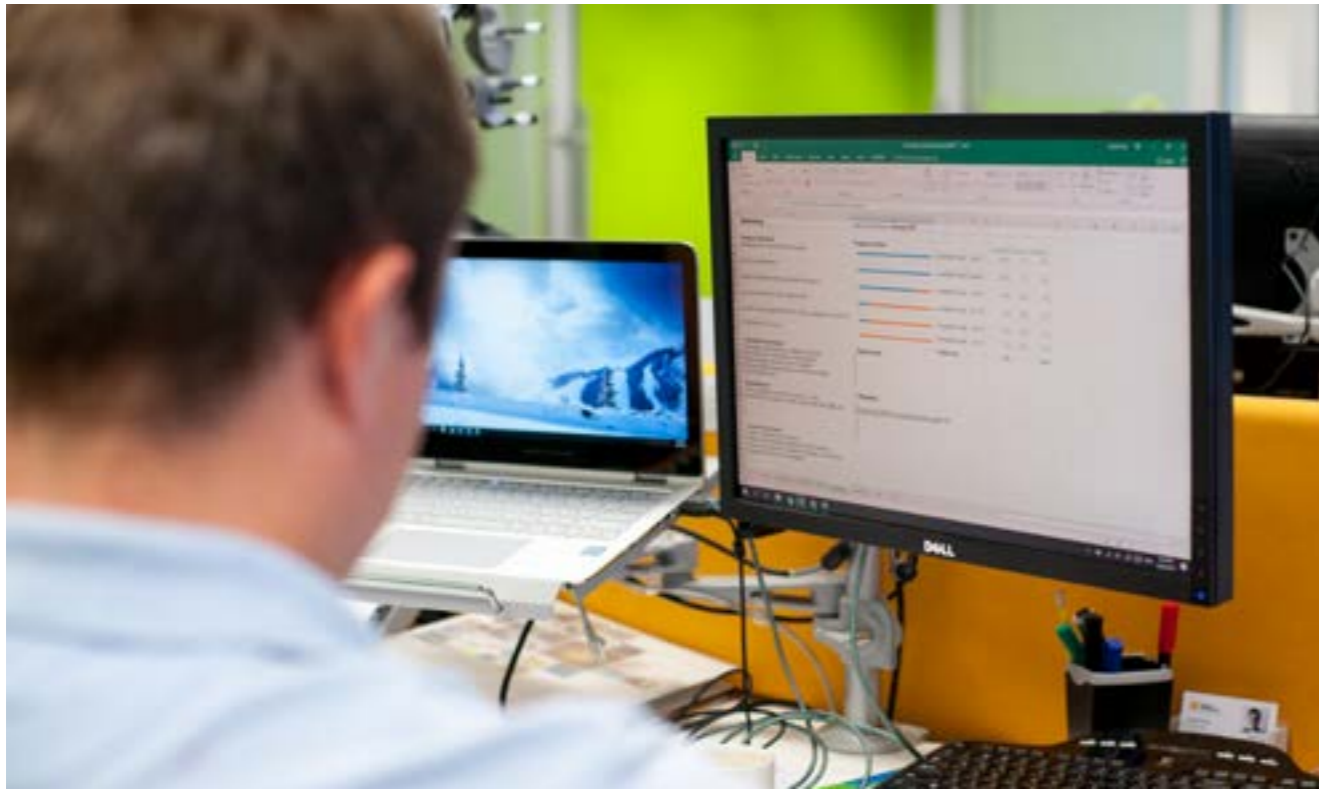
This list is not exhaustive. It is important to recognise that you are dealing with a lot of unknowns. Gearing your structure and processes to acknowledge this is the best approach.

Our approach

We have developed an approach with four levels: **strategic portfolio, programme, project, and objective.**

This approach is both top down and bottom up, as there is a place for both perspectives. In fact, both perspectives are essential for the completion of work in a timely fashion.

LEVEL	TIME FRAME	FOCUS	KEY FUNCTION
Strategic portfolios	2-5 years	Strategic	Aligns activity with the company strategy and ensure a consistent vision. Define your reasoning, include a resource projects and cover only a single page.
Programme plans	90 days	Planning	Release priority work from the portfolio and provide milestones that are achievable in the near term. Should be objective-based and provide a view on the time-scale of the project. Drives cost estimates and budgets
Projects	20 days	Tactical	Provide a strong view of the work-flow and tasks required to deliver on near term milestones.
Objectives	5-10 days	Implementation	Focused on what needs to be done within the next 1-2 weeks.



Dan working on planning and reporting.

Organised Reporting

We have always recorded time relative to its place in the development process. Good time records set against other factors is important to understand the process, learn from what you do, and implement improvements to become more efficient.

As a company that sells services, we have to report time well, but we have looked at it as a learning tool rather than a compliance tool. The key is to get an overview of what matters so that you can identify the problems that you might face in advance and how to get over these hurdles. Budgets are important, but monitoring your progress against milestones, deliverables, and understanding risk is equally important.

A reporting structure should be established at the outset of the project and should be done at least fortnightly. Our approach is to run budget reports weekly (predominantly around resource usage) to ensure that we understand how we are progressing against the plan.

This can be a chore, but if set up correctly can be 15-30 minutes of reporting a week and will provide a very clear view of where things are and what may need to be done to either correct a problem or change tack to prevent one from occurring.

Reporting should consist of the following:

- › **Time** is the cornerstone and is likely to be the largest cost associated with an innovation project (although not always).
- › **Budget** should include both time/cost and other related project costs which could include prototyping, testing.
- › **Milestones** are important to ensure that there is a yard-stick to measure progress against. These should have deliverables or measures attached to them to ensure that progress can be established.
- › **Deliverables** are the poor cousin to the top three in many projects but provide the true judgement of progress.
- › **On-going risk assessment** should be undertaken to ensure that market related, technical, or compliance risks are monitored. Risks can be removed if they are no longer deemed to be risk or if the environment changes.

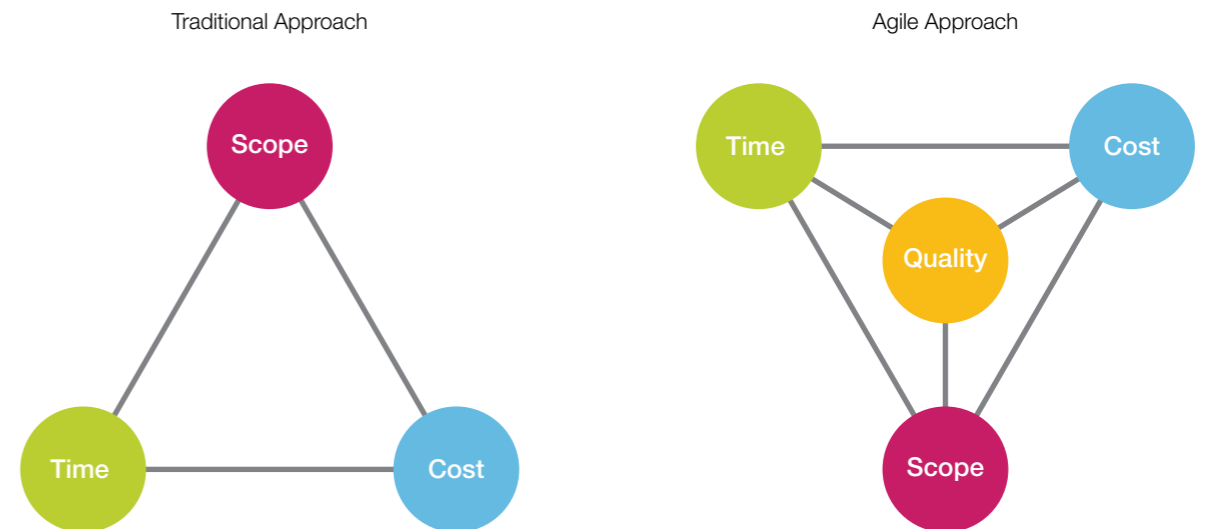
Managing Scope

Managing scope is one of the most difficult things to do in development. It is an approach where you agree on what is critical and focus on those things. The **MoSCoW** approach is effective when paired with a time box of objectives.

Must	Should	Could	Won't
It must be done in the current step to the next milestone.	It should be done in the current step to the next milestone.	It could be done if things go well.	It will not be done in the current block but may be done in a future block.

There are other approaches, but the general tenet is that everything cannot be at the same level of priority. There must be an agreed, effective way of delivering on time, to budget, and at a high quality level. One of the reasons that this is even more important in product development is that time to market is a factor that cannot be underestimated.

This is twofold; firstly, end users will start to provide significant feedback as soon as a product hits the market. Feedback leads to evolution, as you cannot foresee how this may unfold; secondly, delaying your time to market delays revenue generation and can cause significant problems for a company, whether in start up mode or an established business.



Traditional project management is waterfall based and very chronological. This approach is not responsive to change. A more contemporary approach is embodied in the concept of agile development.

It is generally accepted in project management that if you fix the three cornerstones of scope, time, and cost at some point you will hit a brick wall.

The agile approach injects the additional axiom of quality. From a business perspective, it promotes the idea that it is time, cost and quality that are fixed as critical factors. Scope is the key variable that can be managed within the programme.



Top: Jono overseeing Balex development Left: Tracey giving a session on planning and efficiency. Right: A snippet of a brainstorm session.

“A goal without a plan is just a wish.”

Antoine de Saint-Exupéry

The Tools

We use a variety of digital tools, each with their own benefits and drawbacks. Experience suggests that there is no one tool that can deliver what we need. We tend to pick the tools that benefit each aspect of the process.

Portfolio planning

- › **Mindjet Mind Manager / MS Project** to capture ideas and start to form them into a structure.
- › **Microsoft Excel** to provide FTE views of resource over time, quickly.
- › **Microsoft Word** to write the story about your programme.
- › **Adobe Illustrator** to create illustrative views of the approach.
- › **PowerPoint / Keynote** for communicating to the wider team.
- › **Evernote / OneNote** for collecting ideas and providing a repository for them.

Programme planning & costing

- › **Mindjet Mind Manager** can speed up planning and costing and then be exported to project.
- › **Harvest Forecast** for FTE planning
- › Excel to develop FTE and high level, aggregated budget costing.
- › **Microsoft Project (PC)** to develop project plans and objectives with both resource and fixed costs and push reports to Excel, including a monthly budget report. This is still the best planning tool available and considerably better than the alternatives.
- › **Omni Plan (MAC)** to develop projects plans and overviews. These are routed through MS project as it cannot provide a budget.

Objective work plans

- › **Microsoft Word** to write out the intention and details, as they need to be more narrative.
- › **Microsoft Excel** for developing schedules

Tasks management & collaboration

- › We prefer something dynamic and social such as **Asana, Trello, or Microsoft Planner**. There are also other options, but simplicity is the key. The tools must be extremely easy to use or they simply won't be used.
- › File sharing tools such as **Dropbox / Google Drive** (preferably connected to a collaboration tool).

Reporting & time management

- › **Harvest** for collecting time and reporting on it; we have not seen a better tool for this.
- › **Excel** for providing either earned value or budget reporting. This, as well as Harvest Forecast allow for constant re-forecasting as you move, which is essential.
- › **Mindjet Mind Manager** has some nice tools for task management and is nice and fluid.



Getting everything up on the wall is a great way to see the bigger picture and make sure everything fits together.



Change is the only constant

Developing a new product or service and taking it to market is one of the most difficult things you can do. There are a lot of variables and things are constantly changing. We have developed processes that recognise this and work with it, not against it.

The first principle of innovation: change is the only constant

Creating a culture that rewards dynamic thinking and embraces the likely event of change will deliver benefits for your company. It is important to celebrate the concrete milestones alongside a team's flexibility and embracing a plan that can change with opportunity. This document reinforces what we believe are the four tenets of innovation:

Research

Pursue knowledge, to drive understanding and insight.

Structure

Create a structure to support your activity that is capable of change.

Culture

Encourage a culture that rewards dynamic behaviour and thinking.

Creativity

Often has the solutions to change so encourage it in your workplace.



locusresearch.com
daniel@locusresearch.com

+64 7 577 1650

We believe in the power of research to explore, learn, discover, and create.

Our cross-functional design team uses research to deliver insights, develop products, and improve the outcomes of innovation in business.

We are a product development and innovation company that works with you to deliver world class products to market.

Curious about how we can help you and your business? Get in touch.