Introduction: Why Stage-Gate and Why Look Beyond?

Are Current Idea-to-Launch (I2L) Methods Obsolete?

With: Dr. Robert G. Cooper
Creator of the Stage-Gate® System
ISBM Distinguished Research Fellow, Penn State University, USA.
Professor Emeritus, McMaster Uni, Canada
email: robertcooper@cogeco.ca

A Critical Performance Driver

A Product Innovation & Technology Strategy to Focus on the Right Arenas

A Positive Climate, Culture, Organization & Leadership

Successful Innovation

Creating Big Ideas, Executing with an Effective Idea-to-Launch System: Stage-Gate®

Resources: Making the Right Investment Decisions via Effective Portfolio Management
"The competitive value of a fast and effective innovation engine has never been greater"\(^1\)

- Due to the trend toward shorter product life cycles & an ever-faster flow of new offerings

"Yet of all the core functions of most companies, innovation may be managed with the least rigor"

"Stage-Gate® is not optional… [it is] essential to succeed in today’s environment.” Michael Mills, (former) Manager Corporate New Initiatives Delivery, P&G

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Stages in the Stage-Gate® System

Breaks the NPD process into a series of manageable and simple stages with increasing resource requirements
A Focus on Quality of Execution in the Stages

Each stage consists of a set of prescribed & concurrent activities

Include both recommended & mandatory actions
- Required activities depend on the nature & needs of the project
- Not everything is mandatory – much like a menu

Activities are all based on best practices

These activities separate winners from the rest
- Proven discriminators – distinguish top performers
- Are designed to yield the information needed to make excellent decisions

Each stage is cross-functional

R&D, Marketing, Sales, Operations, etc.
- Requires resources & people from many functions
- It's a holistic process
- No such thing as a Marketing or Operations Stage!

Gates in the Stage-Gate® System

- Each stage is preceded by a Gate
- Gates = Decision Points or Go / Kill Points

Discovery: Idea Generation
Stage 1: Scoping
Stage 2: Build Business Case
Stage 3: Development
Stage 4: Testing & Validation
Stage 5: Launch

- Gates are where projects get resources & are prioritized – get on management’s radar screen
- Gates are the quality control check points in the process
Gates Are the Go/Kill & Investment Decision Points

Prescribed list of deliverables

- Provide the key information to the gate needed to make the right decision... efficiently

Decision criteria

- Decision: Go/Kill/Hold/Recycle
- Forward Plan approved

Gatekeepers

Decision based upon...
- Readiness check
- Business rationale
- Action plans

Idea-to-Launch Stage-Gate System for Major Development Projects

Discovery: Idea Generation
Stage 1: Scoping
Stage 2: Build Business Case
Stage 3: Development
Stage 4: Testing & Validation
Stage 5: Launch

Go to Development
Go to Test
Go to Launch
Post Launch Review

The Customer or User

Stage-Gate® is a trademark of R.G. Cooper
The Key Principles of Stage-Gate

1. Top management commitment, leadership & support
2. The right climate & culture for innovation
3. Adequate resources – people & time
4. Quality of execution end-to-end
5. Robust up-front home-work – front-end loaded
6. Effective cross functional teams with power
7. Products with a compelling value proposition
8. Sharp, early fact-based product/project definition
9. Voice of customer at every stage
10. Focus – learn to drown some puppies

The Benefits of the Stage-Gate® System

1. A roadmap or ‘playbook’ for the Project Leader – defines their duties and deliverables
2. Puts discipline into a somewhat ad-hoc, chaotic process
3. A visible process – known and understood by all
4. Forces more attention to quality of execution: the gates are the quality control check points
5. Makes for a complete process – no critical errors of omission; no missing steps
6. Cross-functional – inputs from all sides -- at Project team level & at Gatekeeper level
7. A faster process via parallel processing: new product rugby
A High Quality Stage-Gate New Product System Yields Positive Results – Higher Success Rates, More Projects Hitting Sales & Profit Targets

Without Stage-Gate®:
Only 30% & 32% of projects met sales & profit objectives

With Stage-Gate®, figures jump to 56% & 55% meeting sales & profit objectives

And success rates increase by almost 40%

Stage-Gate® Works! (AC Nielsen data: CPG)
Stage-Gate process has generally had a positive impact on NPD
75% of NA product developers use Stage-Gate, higher in northern Europe

World is faster, less predictable, tougher
- More global, more competition
- Many traditional markets are now mature
- Many uncertainties, risks, low success rates

Need for more innovations, not just renovations, to achieve growth
- Traditional Stage-Gate is good for traditional projects – not innovations
- Too linear, too rigid & too planned to handle more innovative or dynamic projects

Other criticisms
- Not adaptive enough, does not handle change, does not encourage experimentation
- Not flexible – too controlling
- Not context-based – one size should not fit all
More Complaints!

Gates are too structured, too financially based & bureaucratic
- Loaded with paperwork
- Long Checklists & Templates
- Too much non-value-added work

Far too ‘heavy’, too structured, too standardized
- Is really an SOP Manual (standard operating procedure)
- Projects don’t happen that way

Pundits argue that most are due to faulty implementation, while some deficiencies have been corrected in more recent evolutions of Stage-Gate

- But issues do remain
- Thus a handful of leading firms are rethinking and re-inventing their idea-to-launch (I2L) gating system

Complaints About Current Stage-Gate System

Percent of Respondents Indicating Their Stage-Gate System is....

<table>
<thead>
<tr>
<th>Issue</th>
<th>%</th>
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<tbody>
<tr>
<td>Too controlling, bureaucratic and cumbersome, loaded with paperwork, checklists, and too much non-value-added work</td>
<td>21%</td>
</tr>
<tr>
<td>Too linear, too rigid, and too planned to handle more innovative or dynamic projects</td>
<td>36%</td>
</tr>
<tr>
<td>Not adaptive enough -- building and trying something to get fast and early customer feedback</td>
<td>47%</td>
</tr>
<tr>
<td>Not context-based -- one size should not fit all (versus Lite, Xpress &amp; TD versions)</td>
<td>43%</td>
</tr>
<tr>
<td>Has Go/Kill gates which are too structured or too financially based</td>
<td>17%</td>
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Good References on Stage-Gate

Articles – Many available free at www.bobcooper.ca