

## Senior Management Sets the Tone for your Innovation Culture

NEW PRODUCT INNOVATION  
No. 1 IN A SERIES OF PAPERS

Global NP Solutions, LLC

Reference Paper

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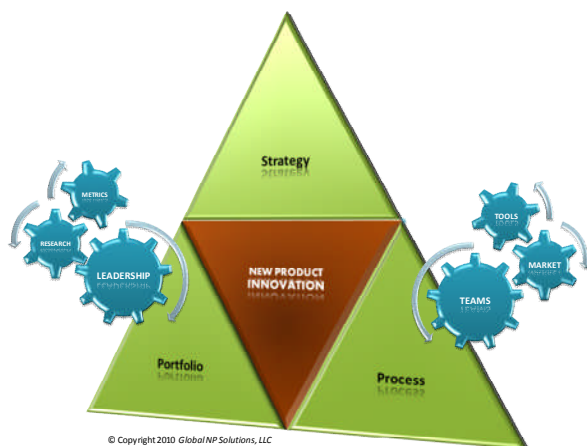
*Your Strategic Innovation Partner*

# Senior Management Sets the Tone for your Innovation Culture

## GUIDING PRINCIPLES

Does your company have a strong foundation in the principles of New Product Development? Are you the person responsible for implementing New Product Development (NPD) processes? Which NPD projects should move forward and which projects should be eliminated from the Portfolio? What characteristics of a NPD project result in success as measured by profit and time to market? And, how does it all fit together?

Perhaps one of the greatest challenges companies face in their New Product Innovation is aligning the Business and Technology Strategies with the NPD Process. In this paper, we briefly explore the first of three key



foundational arenas — **Strategy**. As an overarching vector for New Product Innovation, Strategy is one of the pivotal aspects to a successful New Product Innovation program that delivers profitability in the marketplace.

**First, the Senior Leadership Team Provides Clear Strategic Direction for the NPD Team** by defining the market, the technology, and the desired product.

**Next, Timely Portfolio Management Reviews Focus Resources on the Right Projects** by

evaluating match with business strategy, financial and economic models, and/or other scoring methods.

**Finally, Efficient Stream-Lined NPD Processes Enable and Empower the NPD Team** by allowing effective and efficient research methods within the advantaged market and technology platforms.

## SENIOR MANAGEMENT PROVIDES CLEAR, STRATEGIC DIRECTION FOR THE NPD TEAM

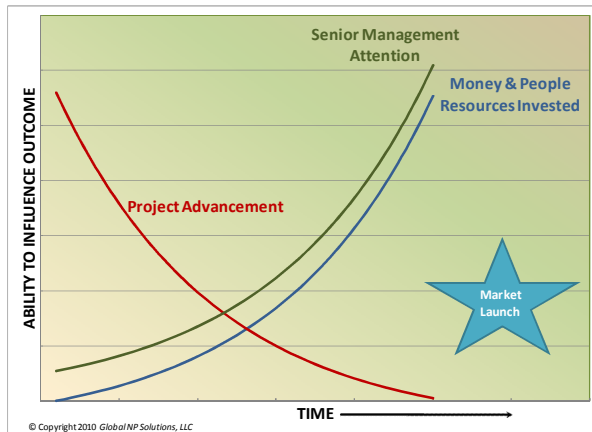
Corporate leadership teams must inherently support an Innovation Culture that outlives the whims of economic cycles, turnover in management roles, and changing dynamics of complicated global industries. Particularly, in recent times, *fundamental shifts* in industrial research and production are occurring throughout the world, with new product development efforts within a single company or business unit constantly shifting between game-changing market initiatives and product line extensions to address increasingly competitive market pressures. It is imperative, then, that the **Innovation Culture** is seeded in practices that withstand the tests of time.

It is vital that Senior Management “understands, monitors, and engages in the specific details<sup>(1)</sup>,” of New Product Development projects. This Innovation Culture continuously and systematically drives increased profitability through products, services and programs by delivering superior value to the customer and end user. Leadership teams accomplish these goals through two defined best practices.

- *Innovation cannot be delegated.*
- *Institutionalize specific innovation criteria.*

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Both of these defined best practices can be implemented through clear and concise strategy statements, which Senior Management communicates vertically and horizontally in the company, organization or Business Unit (BU). Successful New Product projects are able to break the so-called Influence Barrier.



## THE PRODUCT INNOVATION CHARTER (PIC)

Crawford <sup>(2)</sup> recommends formalizing the New Product project strategy using the Product Innovation Charter (PIC). The PIC is a **plan of action** to convert a new product concept into a marketable product by telling the organization what, where, and how to innovate. Embodying the company or BU's strategy in a PIC is the culmination of Senior Management's analysis of historical financial performance, future initiatives, and potential trade-offs. These key areas include formal definition of:

- **Market** – key categories, segments, channels, and areas of opportunity, as well as arenas that are, by senior management's definition, "out of bounds".
- **Technology** – BU core competencies, uses, patent portfolio, available resources, and manufacturing capabilities, as well as options to acquire, license, or outsource.

- **Desired Product, Service or Program** – customer needs, game changing mentality, platform production, line extension, and branding, as well as defensive or reactive product lines.

Laying out these elements in a succinct vision statement and sharing across the organizational boundaries fosters an active Innovation Culture, ensuring effective alignment of NPD teams and projects with the corporate, company, and business unit Innovation Strategies.

## DIFFERENTIATING THE BEST FROM THE REST: PDMA BEST PRACTICES STUDY <sup>®</sup>

Since 1990, the Product Development & Management Association ([www.pdma.org](http://www.pdma.org)) has sponsored best practice research projects to identify trends in Innovation and NPD. Findings from the 2003 PDMA Best Practices Study show that the Best Firms emphasize and integrate their Innovation Strategy across all levels of the firm, better support people and team communications, and use numerous methods to support innovation and NPD. With over 400 respondents, *only about two-thirds of the NPD teams reported having clear goals and objectives related to their BU's strategy.*

In fact, the gap between the Best and the Rest is widening – 86% of the Best Firms reported having a new product strategy that guides their NPD



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efforts vs. 69% of the Rest. Nearly three-quarters of all projects in the Best Firms started a product innovation project with a strategy planning event as compared to only 53% of the Rest.

Not forgetting the role of customer, ideas that are deeply rooted in the company or BU's published Innovation Strategy are more likely to reach commercialization and to realize a profitable venture in the marketplace. Clearly, Innovation support and direction from the Senior Leadership team is not only key, but is considered *critical*, to successful New Product, Service, and Program Development.

## STRATEGY – YOUR NEW YEAR'S RESOLUTION

As we issue in an exciting New Year, why not take a solid look at your company's Innovation Strategy? Does it convey your vision for New Product Development markets, technologies, and desired products, services, and programs? Is the New Product Innovation Strategy shared throughout your organization – upward, downward, and peer-to-peer? Do new product launches deliver the expected return in the planned timeframe? Are your NPD Teams actively working in alignment with your Innovation Strategy?



If not, what immediate steps can you take to ensure that Senior Management provides clear, strategic direction to all members of the NPD team? Be sure to frequently check our website ([www.globalnpsolutions.com](http://www.globalnpsolutions.com)) for additional resources and tools to build your company or BU's NPD Strategy.

## QUICK REFERENCE GLOSSARY

Check out our website for a quick and easy list of terms used in New Product Development. Some terms used in this article are shown here.

**Innovation Strategy** – The firm's positioning for developing New Technologies and Products.

**New Product Development (NPD)** – The overall process of Strategy, Organization, Concept Generation, Product and Marketing Plan creating and evaluation, and Commercialization of a New Product. Sometimes referred to only as "Product Development."

**Product Innovation Charter (PIC)** – A critical strategic document, the Product Innovation Charter (PIC) is the heart of any organized effort to commercialize a New Product. It contains the reasons the Project has been started: the goals, objectives, guidelines, and boundaries of the Project. It is the "who, what, where, when, and why" of the Product Development Project.

**Project Team (or NPD Team)** – A multifunctional group of individuals chartered to plan and execute a New Product Development project.

## WORKS CITED

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2. **Crawford, Merle C and DiBenedetto, Anthony.** *New Products Management.* 7th. ed. Boston : Irwin/McGraw-Hill, 2003.
3. *Trends and Drivers of Success in NPD Practices: Results of the 2003 PDMA Best Practices Study.* **Barczak, Gloria, Griffin, Abbie and Kahn, Kenneth B.** *Journal of Product Innovation Management*, 2009, Vol. 26, pp. 3-23.

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### About the Author



Teresa is President of Global NP Solutions, LLC, a strategic innovation provider. She is an accomplished visionary and results-oriented professional with extensive industry experience from creative research to effective portfolio management through stream-lined new product development processes.

Prior to founding Global NP Solutions, Dr. Jurgens-Kowal acquired over 12 years of experience in leadership and management positions with ExxonMobil Chemical Company and a total of 16 years as a practicing Chemical Engineer. Her corporate career encompassed various functions, including New Product Development, Portfolio Management, Licensing, Marketing, Logistics and Supply Chain, Manufacturing, Project Management and Research Technology.

Teresa has extensive experience leading successful teams, managing the product development life cycle, and defining the portfolio strategy. Her deep expertise in intellectual property management, product and process licensing, portfolio planning, customer service and various business processes make her an ideal teacher and trusted advisor who knows both the theory and practices of New Product Development.

Dr. Jurgens-Kowal earned a B.S. degree in Chemical Engineering from the University of Idaho in Moscow, Idaho and a Ph.D. in Chemical Engineering from the University of Washington in Seattle, Washington. She is a licensed Professional Engineer in the State of Louisiana since 1998. Teresa is a certified New Product Development Professional (NPDP) by the Product Development Management Association (PDMA) and Global NP Solutions, LLC, is a Registered Education Provider (REP) with PDMA.

Teresa holds chemical process and catalyst patents, and is published in the Journal of the American Chemical Society and Journal of Physical Chemistry.

Currently, Dr. Jurgens-Kowal is working on founding a Gulf Coast Chapter of the PDMA organization. She has an office in Houston, Texas.



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