



Fixing The Late New Product Problem

Apple Computer's stock price dropped four percent on the Monday after it failed to mention anything about its newest iMac at its developer conference. Wall Street was worried. The iMac design was 30 month old and needed to be updated. Later that week Apple broke the news, the new iMac would be delayed. Even worse the company announced that it stopped production of the old model. The delay meant that Apple stores and resellers would be without an iMac model to sell for all of July and August and some portion of September. The stock immediately dropped another four percent. One billion dollars of market capitalization vaporized due to the late product.

That same month in another part of California, the senior sales executive of a major motorcycle and ATV manufacturer complained, "If only the new bike was on time, we could sell so many more." Only two months before launch, the new motorcycle's planned release date had just slipped by two months due to product development problems. Customers who placed deposits to be first in line to get the new bike were about to be disappointed. Advertising that had been bought and paid for would be promoting product that no one could buy. Dealers would take the increased customer traffic and push them to buy competitors bikes that were in stock. The sales force was going to be angry about lost commissions. A bad deal for everyone, except the competition.

The motorcycle would go on to win Bike of the Year awards in the press, but because this bike missed some of the key selling months in the seasonal motorcycle business the company had to cut back production. The resulting sales were 33% lower than planned, and the sales forecast for the next year was cut back because of uncertainty about the





true demand for the product. The bike would never live up to its potential, and millions of dollars in sales and profit were lost forever.

If you work in a business where new products are important, you have probably had a similar experience. New products are all too often late and the consequences cascade downstream to impact other products and future sales. Resources that had been planned for other products are diverted to getting the late product finished and out into the market, meaning that those other products will likely be late as well. The chronic lateness of new products means that they miss some of the prime selling months for the new product or season leading to lower first year sales and consequently lower forecasts for next year's demand. In short, being late is a slippery slope that prevents products and entire business categories from ever reaching their potential.

Why New Products Are Late

While the reasons for new products being late are many, they generally fall into four categories: strategy, process, organization and information.

Strategy. The strategic issues typically boil down to a lack of clear direction and prioritization. Strategy should clearly articulate where you are going, what you are going to focus on and, perhaps more importantly, what you are not going to do. Lack of clear strategic direction at the outset of the development process leads to significant rework later in the process as management is forced to make decisions because the product is beginning to take shape. Lack of strategic prioritization means that there are too many new products and/or new features that need to be developed given the resources available.

Process. Flawed new product development process design and poor process execution are also frequent contributors to late new products. The process may not sufficiently engage senior management at the front end of product development in order to make strategic decisions. Product development plans and engineering capacity may not take into account the need for rework or the numerous pre-launch activities (government approvals, QA, manufacturing ramp-up, etc) that follow engineering.





Processes may be too linear; failing to engage downstream functions early enough to identify and avoid potential problems before too much resource and time are invested. Decisions to make changes to products, particularly late in the development process, may not be connected to the impact on resources and the timing of the overall product pipeline. Lack of process discipline and milestone management leads to things getting worse as products are late and 'shortcuts' are taken. All of these contributors to poor process design and execution are common drivers of late products.

Organization. The organizational issues tend to be driven by senior management involvement at the wrong time and by a mismatch of accountability and resources. All too frequently, senior management will see the product late in the process, sometimes for the first time, and point out something that could be better or different, leading to rework by the development team and delays in getting the product finished. This is a classic example of the perfect being the enemy of the good. Further, there is often a mismatch between the accountability and the authority for getting the product to market on time. The pain of being late is felt in Marketing and Sales, while the budget and responsibility for being on time are in Engineering.

Information. Lack of information about process status and performance can also be major contributors to delays. All too often, companies know what products have just launched or are about to launch, but have no perspective on how well original plans are adhered to or the status of the rest of the product pipeline. The old adage of what gets measured, gets managed applies. Only in this case what doesn't get measured doesn't get managed.





12 Opportunities for Action

1. Understand and share the revenue and cost impacts of being late
2. If your products are late right now, develop an explicit game plan for 'catching up' in 1-2 years that looks different than the ongoing product development calendar in terms of scope of development and/or resources employed
3. Prioritize, prioritize, prioritize – the number of products you choose to develop, the priority of products within that list, and the priority of features within each product
4. "Nail down" the front end of product development by getting senior executives aligned on the business and product line strategy before development work begins
5. Discipline process execution – stick to decision milestones
6. Explicitly fix the problem of senior executive meddling by either keeping their involvement to strategy issues or by getting them involved earlier and more frequently and use the right staff who have the capability to 'push back' and manage their participation
7. Redesign development processes to be faster and on time – identify major reasons for lost time and effort due to rework and sequential activities, and ensure that relevant functions are involved early enough so that they can identify potential issues early enough to avoid significant rework and get started in parallel
8. Utilize [Critical Chain](#) project planning practices
9. Schedule tasks on an aggressive, but possible timing
10. Consolidate task based time safety buffers into a project safety buffer
11. Implement an early warning process to notify the next resource that they will be work soon
12. Measure product development on-time performance, establish clear accountability and put in place incentives or other rewards for achieving plan

