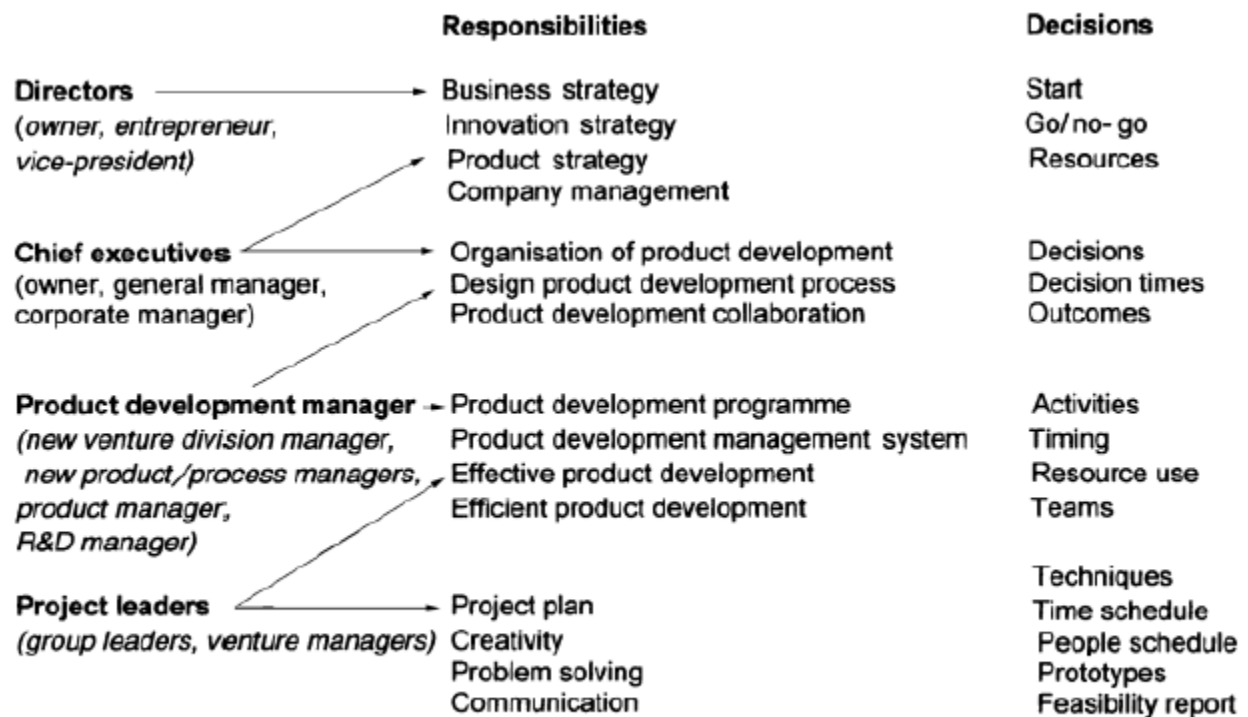


People in Product Development Management (Lecture 10)

It is important to recognize that there are different layers of management. The different levels of management can be identified as directors, chief executives, product development managers and project leaders, although the actual titles of the managers may be different from this in the individual companies.

1. The directors are at the business strategy level
2. The chief executive at the product/innovation strategy level
3. The product development manager at the new product programme level
4. The project leader at the level of the individual project

All of these different levels have their own basic philosophy and understanding, abilities and responsibilities, but they need to be coordinated into the whole product development management. The interwoven nature of responsibilities should be noted; people may have individual responsibilities at their level of management, and also joint responsibilities at higher levels. There is no clear demarcation of responsibility in product development because it has to be collaborative management.



Levels of PD Management

Directors

Directors on the Board of the company have their vision for future growth of the enterprise, commitment to product development as a method of ensuring company growth, understanding of the knowledge and skills needed for product development, provision of resources for product development. They need to have the abilities for:

- Incorporating innovation into the business strategy
- Analysis and decision making
- Intelligent risk-taking
- Selecting and directing a chief executive with the knowledge and skills for the innovation strategy that they have developed.

They need an understanding of the company's technological and marketing environments, the competitors' innovative strategies and multi-industry evolution, the company's structural and cultural context, and the company's resources and capabilities. The Board sets the overall innovation strategy and the philosophy for product development, gives an appropriate allocation of resources and makes the major decisions in the development. As with most business activities, product development is most successful when it starts from the top.

Chief Executives

Chief executives have a commitment to the organizational role of product development, understanding the needs of product development, recognizing the knowledge and skills for product development, recognizing the product development process as it relates to their company.

They need the abilities:

- To develop the structure in which product development operates
- To organize a management system for product development
- To integrate all the functional areas taking part in product development
- To develop a clear product strategy and a product development programme
- To set clear goals;
- To indicate the decisions to be made at different parts of the product development processes, and make decisions with careful analysis.

They need to be able to define the long-term company development strategy and assess the strategic importance of new company initiatives and their relation to the present core capabilities.

They are responsible for effective portfolio management, making strategic choices of markets, products and technologies that the business will invest in. The chief executive develops a positive environment, actively supporting, leading and directing product development on a continuous basis, and providing integrated communication between different groups, usually the functional departments of marketing, production, R&D and finance, with product development. Since product development spans many disciplines, it should not get locked into one image—marketing, production or R&D.

Product Development Managers

Product development managers have commitment to the company's PD Process and integration of the skills and knowledge for this process, understanding of the customer and consumer needs and wants, knowledge of present and emerging technologies, understanding of the company and the external environment. They need the abilities to:

- Identify the outcomes necessary for each stage of the PD Process for the chief executive's and Board's decision making
- Identify the time and other constraints on the project
- Identify and find the resources for the product development
- Encourage the creative and technical achievements of the people involved in product development
- Analyze and make the decisions

They need to be able, with top management, to obtain/maintain support for new initiatives, to define the company's strategies for the new initiatives, and to cooperate with the project leaders in defining projects. Product development managers integrate the various projects into an overall product development programme. They set with the project managers the timing of stages in the PD Process, plan and control the resources so that they are available at the correct time and are of the right quality, analyze the results of the development and make decisions for further stages. They need to be aware, guide and be available when necessary, to help the creativity and the problem solving. Every company needs a person who is responsible for new products and is recognized as this. This person must have product development knowledge and skills as well as management knowledge and skills. There needs to be a balance between the innovation development and the management. Over-management can stifle innovation, but uncontrolled

product development may lead to inappropriate products, inefficient product development and time/cost overruns- in otherwords commercial failure.

Project Leader

Project leaders understand the consumer and the market as well as the PD Process and the product; recognize and foster innovative, creative, problem-solving skills; and understand integration of people with different skills and philosophies. They need the abilities to:

- To drive the project to a successful conclusion
- Identify the outcomes for each stage of the PD Process and important sections
- In the individual stages
- Relate the outcomes to the activities in the project
- Choose the techniques for the activities that relate to the knowledge and skills of the team, and the resources available.

They have the capacity to develop the business strategy for the new product as well as to define the technical/marketing development, and to build the organizational structure for the development. The project manager is leading a team of people who are skilled in different disciplines-consumer research, marketing, product design, processing development, production and finance. Although the project manager may not have an in-depth knowledge in all areas, there is a need for basic knowledge in each area and the ability to see the interrelationships between them. The project leader is responsible for ensuring that the project progresses smoothly, meets all interim objectives and targets on time and within budget, and makes sure that the necessary resources are available when and where they are required. They also are the primary channel of communication between the project team, senior management and external organizations.