Launch Pad

Making robust launch decisions—Part 1

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To ensure a robust product launch, teams evaluate different combinations of New Product Development (NPD) criteria and alternatives that are more likely to work with changing market conditions. In Part I of this two-part series, Visions *Launch Editor Mark Hart provides readers with the background for decision methods to develop robust launch plans.*

How does a distributed, cross-functional New Product Development team make robust launch decisions based on uncertain, incomplete, and evolving information? As more and more people are added to a team preparing for commercialization, how do you get buy-in from stakeholders, proper use of expertise, and high confidence in your decisions?

As development proceeds to commercialization, a large, diverse team makes many decisions. However, good decisions do not always produce good outcomes because many decisions have risk and uncertainty.

Managers may use intuition to assess development risks, according to Nadim F. Matta and Ronald N. Ashkenas.[1] These risks include:

- *Execution risk*—The risk that designated activities won't be carried out properly,
- *White space risk*—Some activities will not be identified in advance, and
- *Integration risk*—Disparate activities won't come together at the end.

Another way to survey risks is by segmenting launch decisions as shown in Exhibit 1 on this page.

Team composition

A team populated with the required expertise at the appropriate time will minimize execution risk and integration risk. Team members with launch experience are better able to recognize historic patterns and facilitate opportunities for synergy. Increasing the diversity of the team promotes the preparation of new alternatives, and novel ways predict outcomes. White space risk is reduced by a cross-functional team because they are more likely to propose multiple, viable alternatives for complex decisions.

Decisions traps

Besides unbiased analysis and uncertainty, the decision-making process may be influenced by "power plays, politics, personal nuances, and institutional history," according to David Garvin and Michael Roberto.[2] In addition, there are common estimating and forecasting traps[3] that have distinctive characteristics that influence the way decisions are made.

One of these traps is the "overconfidence trap," which is characterized by an affirmation like "That can be done tomorrow" even though the team is overcommitted. Another trap is the "status-quo trap," which biases decisions to whatever is familiar.

What guides your product launch decisions? Eric Bonabeau published a surprising insight about making decisions based on intuition in the article *Don't Trust Your Gut.*[4]

Exhibit 1: Different Decision Types during the NPD Process

Decision Summary	*Decision Characteristics*	*Example*	*Relative Need for Probabilistic Decision Management Tool or Technique*
Simple	Answer is readily known or easily discoverable. Decision is influenced by previous commitment, policy, or regulation. Unanimous agreement is likely.	What must be done to meet the regulatory requirements for the agencies that must approve the sale of our product in North America?	Low
Iterative	More knowledge, research, analysis, or simulation is required before the evaluation is made. Iterations improve the certainty.	In addition to North America, is it likely that our team can meet the regulatory requirements so that we can launch in Europe? Asia?	Medium
Complex	Develop and evaluate several alternatives. Weigh tradeoffs. Delayed effects are likely. Unanimous agreement is unlikely.	Which of the design concepts will meet the regulatory requirements and be compatible with other project goals?	High
Emergent	Many alternatives. Some alternatives are unknown. Input from many viewpoints. Plans must adapt to new information and tolerate high levels of uncertainty. Potentially large impact on other decisions.	We just lost two members of our team who were responsible for regulatory compliance. Which course of action is best to achieve our launch goals?	Very High

SOURCE: The author

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His conclusion is that the more complicated a decision, the greater the possibility that a "gut" decision is incorrect.

Decisions methods

In practice, teams use multiple tools and techniques to ensure that different types of decisions are "fair." When a launch team supports a decision, the execution and integration risks are reduced. Many groups rely on a majority rule or weighted voting methods to make decisions. To make complicated decisions, Bonabeau suggests incorporating decision support tools, such as probabilistic modeling tools to sort through alternatives.

Imagine one launch decision that involves developing and defending five alternatives judged against ten criteria and an evaluation by a disbursed, cross-functional team of ten people. A team that strives to make robust launch decisions must find systematic ways to evaluate the potential for success and identify sources of uncertainty so that an evolution of the alternatives is encouraged.

Part II of this series will present examples for using specific decision management tools to analyze conflicting inputs from individuals with different viewpoints in product launch.

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References

1 Nadim F. Matta and Ronald N. Ashkenas, *Why Good Projects Fail Anyway,* Harvard Business Review, September 2003
2 David A. Garvin; Michael A. Roberto, *What You Don't Know About Making Decisions,* Harvard Business Review, September 2001
3 John S. Hammond III, Ralph L. Keeney, Howard Raiffa, Harvard Business Review, *The Hidden Traps in Decision Making,* September/October 1998
4 Eric Bonabeau, *Don't Trust Your Gut,* Harvard Business Review, May 2003