Launch Pad—Part 2 of 3

# Making robust launch decisions—Part 2

by Mark A. Hart, *Visions* Launch Editor, President, OpLaunch
(mark_hart@oplaunch.com)

*How can you ensure that your decisions are robust—likely to produce acceptable results for most launch scenarios? In Part 2 of this three-part series,* Visions *Launch Editor Mark Hart provides readers with several decision management techniques to improve the robustness of launch decisions.*

In Part 1 of this series, I provided background for the decision methods to develop robust launch plans[1]. Three types of risks (execution, white space, and integration) were summarized, and four decision types (simple, iterative, complex, and emergent) were characterized.

To prepare for writing this article, I polled dozens of practitioners who had many successes in New Product Development. I asked them about their favorite tools and techniques that could be used for making product launch decisions. A common reply was having a smart, experienced manager who made an informed decision after listening to input from team members at face-to-face meetings. Other favorites included various forms of team voting or the assistance of a trained facilitator/moderator/mediator in the decision process. I have observed that "no voting system is perfect" which is an oversimplification of Arrow's paradox. In practice, team members generally either accept the shortcomings of their voting system or find ways to work around it.

When I asked how the complex or emergent decisions were handled, the common replies included "more diligence at the next meeting" or the "involvement of higher levels of management," such as a business development specialist. Overall, it appeared that most of the practitioners have at least one of the following beliefs:
- Our management, staff, and partners have exceptional expertise, and another decision-making tool or technique is unnecessary
- A proper decision can be reached through creative facilitation techniques
- Our product launch decisions are guided by company culture and a sound portfolio strategy.

## Preparation

If you have been fortunate enough to be a part of a robust development team, it is likely that great people, good communication, appropriate metrics, and a solid decision process characterized it. The selection of team members may begin by identifying the specific expertise and capability needed for a given task. Diversity in this team promotes the development of good alternatives to solve problems. In addition, the list of alternatives can be generated and evaluated more quickly if someone on the team has solved a similar problem already.

To improve the effectiveness of the decision process, establish ground rules such as how you will handle different types of decisions, and team roles, and the value of opportunities. Provide easy access to resources on decision making as part of the project's training package.

## Evaluating alternatives

"Those that do not make good decisions are moved to the background" according to retired Brigadier General Ralph Pasini. He added, "In the military and in business, the strategy, tactics, and status need to be communicated" to make good decisions.

Exhibit 1 on page 7 diagrams an isolated launch decision. For a deter-

ministic decision—one that is nearly risk free, defined, and testable, the outcome will not change within the expected lifetime time of your product. For a probabilistic decision—one that has uncertainty and delayed effects, several surprises are likely to occur at launch.

Exhibit 2 on page 7 introduces some elements that may lead to more robust decisions for complex and emergent decision types. Here is how this chart might be used:

*Issue/Problem:* We just lost two members of our team who were responsible for regulatory compliance of our new product. Without the regulatory compliance, we can't sell our product. Which course of action is best to achieve our launch goals?
*Alternative B*—Take the required resources from another project
*Alternative B'*—Refined. Obtain the required resources from the 'D6000' project
*Alternative C*—Eliminated after group evaluation
*Criteria 1*—Meet all of the product launch objectives of the 22 April introduction date, with 95 percent certainty
*Criteria 2*—Meet appropriate portfolio objectives

Intrinsically, a product launch has many dependent decisions. When the alternatives and criteria are arranged in a decision matrix, it is sometimes called a Pugh's Method. There are many variations of decision matrices and some have branded names. The primary goal is to develop the best alternatives and evaluate them against meaningful criteria.

## Improving the Robustness of Alternatives

For simple decisions, the methodology of "a qualified person plus due diligence will provide the correct answer" is usually adequate. For complex and emergent decision types, sometimes one of the alternatives should be to find more alternatives. Common approaches include:
- More diligence from the team
- A new approach (for example, use the TRIZ method to find new combinations of solutions)
- Encourage external input (for example, InnoCentive *www.innocentive.com* is a global Web-based community matching scientists to R&D challenges, enabling companies to reward scientific innovation through financial incentives.)

Gregory Palermo, a technology veteran who now works in the Supplier Performance Management Group at Motorola's Connected Home Solutions division, recalls being a member of one extraordinary team. The leader "would not tolerate the hiding of problems. He had some very good insights, maturity, and a solid decision process." Palermo recalls "All the stake holders and contributors were required to be involved in all project meetings. They were required to report three things at the meeting: Status

of their work, issues they are dealing with, and what they needed from the team." As a result of good communications, showstopper problems were not hidden. "Sometimes the problem was shared with the entire company to emphasize that everyone had a stake in the success of the project and that anyone can be part of the solution."

Another option is to conduct additional tests to reduce the risk/uncertainty for a given alternative. A common approach to product launch decisions includes creating and testing items, such as prototypes of your product or advertisements, and using the feedback from these experiments to refine your strategy and tactics. Eric Bonabeau, Chief Executive Officer and Chief Scientific Officer of Icosystem, suggests that teams, "Base initial decisions on opinions but go to data. From the data, get an aggregate opinion."

Agility improves robustness. When alternatives can be refined quickly or mistakes corrected rapidly, the chances of success usually improve. My favorite confirmation of the agility strategy is the case of Colonel John R. Boyd, a US Air Force fighter pilot who earned the nickname "40 Second" from his ability to win dogfights in 40 seconds or less even though he started from a position of disadvantage.[2] He developed the OODA loop (observation, orientation, decision, and action) as a framework to create competitive advantage by outmaneuvering rivals.

Beside an agile attitude, a robust team should have enough reserve capacity to handle emergent issues and ongoing tasks.

## Resolving Disagreements

What is the root cause of New Product Development disagreements? According to Dr. Dave Matheson, Co-Founder, President, and CEO of SmartOrg, a software and services provider specializing in value-based management systems, "Some hear a comment about uncertainty, as 'the probability is 99%.' Another person is thinking that the probability is really 25%." This inconsistency is a one of many decision traps that must be addressed by the team leader.

Refining the ground rules or changing the metrics can resolve some disagreements.

## Metrics

"Decisions may become obsolete the next day. This is beside the intrinsic tug of war between functional areas." Bonabeau noted this and then found ways to improve the robustness of decisions that were made at a pharmaceutical company. According to Bonabeau, "Often, the quality of decision-making is tied to how the product team is organized rather than the team members." For example, it is not hard to imagine that a team will be reluctant to assist in killing their own project if their salary is tied to the success of the project. "Ideally there should be a lot of feedback between groups working on different projects, but in reality there is not."

After analysis, he recommended that development adopt a portfolio perspective, move away from tiger (isolated) teams, do as many experiments as possible, divide the work into smaller chunks, and base rewards on aggregate success. Bonabeau says, "The new organization has been in operation three years. Cycle time is down by 80 percent. They were able to process six or seven drug candidates during that time. Originally, they expected to process only one candidate."

## Models

When it is impractical to run a physical experiment, models can be created in an attempt to guide decision makers. Traditional approaches use historical data and spreadsheet functions to predict future behavior. Monte Carlo simulations and test marketing campaigns are two common examples of iterative precursors to decision-making.

The concept of a business wargame can provide training for decision makers. A business wargame can be used to combine estimates of competitive capabilities with variations of your launch plans. For example, if two of your competitors introduce products similar to your new product but one of them is likely to have a huge advertising budget, what should you do?

A promising, new alternative to predict emergent phenomena during a product launch is agent-based modeling. This begins with "the local interaction of different independent agents. Those individuals alter their actions in response to what others are doing, and together the myriad interactions result in a group behavior."[3] Such models can be used to show the results of an error cascading through a launch or the convergence of market opportunities.

## Summary

A robust product launch decision must coexist with pervasive factors, such as company culture, portfolio strategy, and an emergent competitive landscape. In addition, a robust launch decision is influenced by the practical constraints of a project schedule. A decision should be neither too impulsive nor too indecisive. A team leader has to make judgment calls about how much of the input is misleading. Typically, a product launch has a fixed budget, so decisions must produce synergy to maximize return on investment.

According to Matheson, "One reason to pay someone the big bucks is that they have the ability to view the landscape (the data, the people, the market, and the models) and make an informed decision that is likely to be the right one."

Part III of this series will present examples of commercially available tools.

## Endnotes

[1] Hart, Mark A, *Marking Robust Launch Decisions*—Part 1, *Visions*, Vol. XXIX, No. 3, Page 8, July 2005
[2] Hammonds, Keith H., *Strategy of the Fighter Pilot*, Fast Company, Issue 59, Page 98, June 2002
[3] Bonabeau, Eric, *Predicting the Unpredictable*, Harvard Business Review, March 2002

*Exhibit 1: Launch decision made in isolation and without feedback*



portfolio factors

isolation

opinion → product launch decision → delayed result
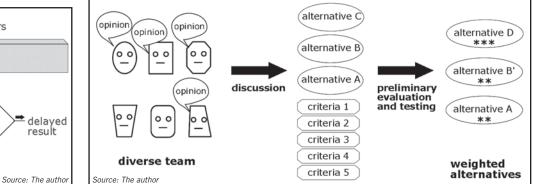
expertise
decision traps

Source: The author

*Exhibit 2: Evaluation of alternatives and criteria in preparation for a decision*



opinion opinion opinion

opinion

diverse team

discussion

alternative C
alternative B
alternative A
criteria 1
criteria 2
criteria 3
criteria 4
criteria 5

preliminary evaluation and testing

alternative D ***
alternative B' **
alternative A **

weighted alternatives

Source: The author