Innovation Project Management

Innovation Project Management Series

Global Project Management
Poor Statistics on Successful Projects

Failed systems projects cost more than $100 billion per year - Computerworld

One out of every two projects overruns its budget by 180% or more - Computerworld

Survey of 300 large companies 65% reported projects were grossly over budget, behind schedule and technology nonperforming - KPMG

65% of companies have lost control of at least one major project - Forrester Research

31% of 8,380 projects cancelled - while only 16% were on schedule and on budget - Standish Group
Why aren’t Project Success Rates Increasing?

- Increasing Complexity due to need for greater innovation

Growth of PM Advocates and Practitioners

Demand for Innovation:
- Complexity
- Time-to-market

50,000 PMPs
120,000 PMI Members
An Innovative Project

A General Definition:

• a significant endeavor, usually mission critical
• unique and unclear as to outcome
• limited skilled resources with extraordinary and dynamic constraints in time, cost and quality
• to bring about a beneficial change which may not be able to be expressed clearly
Innovation Projects are Different from Traditional Projects

1. Rapid Technological Changes
2. Unclear Scope Objectives
3. Rapid Changes in the Market
4. Scarce Resource Constraints
5. Unsure of Time Estimates
6. Greater Need for Creativity
7. Knowledge Intensive
New Approach for Innovation Projects

1. The Need for Portfolio Management Techniques
2. Being Scope Change Friendly
3. Planning Done on a Shorter Time Frame
4. The Need for Managing Knowledge
5. Planning for Rapid Phased Deliverables
6. Working with Scarce Resources
7. Fully Engaging Team Creativity
8. Deploying Highly Talented People
Traditional Project Investment Profile

POI = Point of Implementation

- Breakeven Point
- Successful Project Implementation
- Delayed Implementation
- Failed Implementation
- Point of Diminishing Returns

POI = Point of Implementation
IPM Intensive Project Investment Profile

- Return on Investment
- Time to Market
- IPM Intensive Project Investment Profile
- Traditional Project Implementation Plan
- POI for Phase 1
- IPM Phase 1 POI for Phase 2
- IPM Phase 2 POI for Phase 3
- IPM Phase 3 Traditional Project Implementation Plan

POI = Point of Implementation
Return on investment
Added return due to Intensive project
Return from Traditional project
## Setting the Development Plan

### Example: PDA Upgrade Project

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<th>Proposed Phases</th>
<th>Aggressive High Value Strategy</th>
<th>Estimate in Days</th>
<th>Low Risk Strategy</th>
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The Traditional Approach to Innovation

**Recognition Phase**
- $T_o$: Opportunity occurs

**Project Phase**
- $T_p$: Opportunity perceived
- $T_b$: Project activity begins
- $T_f$: Product definition and plans freeze

**Commercial Phase**
- $T_r$: Product is released to production

**Profiting Phase**
- $T_s$: First customers are satisfied

**Maturity Phase**
- $T_e$: Project becomes extinct

**Innovation Cycle Time**

**Cash Flow**

- **Recognition Phase**
- **Project Phase**
- **Commercial Phase**
- **Profiting Phase**
- **Maturity Phase**

**BNET**
- Net Profit Period

**BET**
- Break-Even Time
An Enhanced Innovation Life Cycle

2 Step Strategy:

1. Develop strong market intelligence

2. Use intensive project investment to meet the earliest release date

This maximizes profits and improves the overall competitiveness
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Management by Transition

First Phase of Innovation Development

1. Plan/Prioritize Innovation Objectives
2. Detail Plan For Next Phase
3. Execute First Phase Plan
4. Review of First Phase Results
5. Deploy 1st Phase Results

Second Phase

1. Detail Plan For Next Phase
2. Execute First Phase Plan
3. Review of Second Phase Results
4. Deploy 2nd Phase Results

Third or N Phase

1. Detail Plan For Next Phase
2. Execute First Phase Plan
3. Review of Third or Final Phase Results
4. Deploy Final Phase Results
Paradigm Shifts in Industry

Traditional PM

- Managing Time
- Rewards Fuel Performance
- Work is a Marathon
- Downtime is Wasted Time
- Positive Thinking

Innovation PM

- Managing Team Energy
- Purpose Fuels Performance
- Work is a Series of Sprints
- Downtime is Productive Time
- Focus on Full Engagement
Basic Principles of APM:

Ψ Satisfy the customer through early and continuous delivery of valuable deliverables (software);
Ψ Changing requirements, even late in development means responding for competitive advantage;
Ψ Delivering working solutions frequently with a preference to shorter timescale;
Ψ Business & technical developers must work closely;
Ψ Projects must be built around motivated teams and support them with a supportive environment;
Ψ Always use face-to-face communication;
Ψ Working deliverables is the primary measure of progress;
Ψ The Agile process is sustainable development in being able to maintain a constant pace indefinitely;
Ψ Agility is continuous attention to technical excellence and good design;
Ψ Simplicity rules;
Ψ A self-organizing team will naturally emerge into the best architecture, requirements and designs;
Ψ Frequently a team should reflect on how to become more effective, then readjusts itself to become more effective.