

TECHNOLOGY BRIEF: AUTOMATING THE STAGE-GATE, INC.® PROCESS WITH CA CLARITY FOR NPD

# Improve Your Stage-Gate® Product Innovation Process with CA Clarity™ for New Product Development

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# Executive Summary

## Challenge

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Enhancing innovation ability is now seen, by most corporations, as the most important lever to increase profitability and growth. Many organizations have adopted decision-making or funding gates to improve their new product development and introduction NPDI (stage/phase gate development processes are formally established in 71% of organizations according to AMR Research) however, NPDI maturity and resulting innovation performance continues to vary widely.

As product lifecycles and cycle times continue to shorten and product development efforts become increasingly distributed, it is essential that organizations take their stage-gate process to the next level.

## Opportunity

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Best performing innovators achieve 2.5 times higher sales of new products and 10 times higher returns from their innovation investments than the worst performers. It is widely recognized by product development experts that formal product portfolio management combined with an idea-to-launch process that employs rigorous go/kill decision gates and highly efficient NPDI project execution are key characteristics of top-performing innovators.

## Benefits

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For organizations that employ a traditional or internally developed Stage-Gate process, CA Clarity for NPD provides integrated idea management, product portfolio management, project, resource and financial management and process and workflow management that will help streamline and optimize the entire cross-functional idea-to-launch process.

As the only Project and Portfolio Management solution to be both rated a leader by Gartner and be recommended by Dr. Robert Cooper and Dr. Scott Edgett, authors of the original Stage-Gate process, CA Clarity for NPD is a clear choice of global organizations to address their complex, cross-functional NPDI challenges.

## Inefficient Innovation

While the practice of using decision-making or funding gates is widespread within new product development organizations, (stage/phase gate development processes are formally established in 71% of organizations according to AMR Research), NPDI maturity and resulting innovation performance varies widely. One primary cause of this immaturity is that while organizations have invested heavily in information technology to manage the product data, commonly referred to as Product Lifecycle Management tools, they have overlooked the fact that innovation is fundamentally a “people-process”. The most widely used tools for supporting the innovation process are ad-hoc office productivity tools with little or no support for cross-functional collaboration and coordination.

This problem is further exacerbated by the fact that in almost all industries, product lifecycles and cycle times continue to shorten and product development efforts are becoming increasingly distributed.

### Incomplete or Inconsistent NPDI Project Data

A significant challenge resulting from the use of ad-hoc tools is that NPDI project data is often incomplete or inconsistent across functional teams. Product team members often spend excessive time tracking down disparate documents and accessing multiple data sources in order to make informed decisions and complete their tasks on the project. All too often, the information in one system conflicts with data in another and the project is stalled while these inconsistencies are reconciled.

For organizations with multiple products or product lines in the portfolio, it is often difficult, if not impossible to obtain a consistent view across all NPDI projects resulting in poor project pipeline management and inefficient resource allocation.

### Poor Cross-Functional Collaboration and Coordination

As product development efforts become increasingly distributed and global, integrated product team collaboration and coordination poses a significant challenge for many organizations. Often times, team members are not aware of their responsibilities and deadlines causing unnecessary project delays. Day to day project risks and issues pile up without resolution and project changes are often poorly communicated across the team.

### Missed Steps and Excessive Rework

One of the primary shortcomings of the use of office productivity tools is that they lack any form of guidance or workflow to help team members understand how to complete their work on the project. Without guidance, key deliverables can get overlooked or be incomplete resulting in rework or, worse still, poor product decisions based on guesswork.

### Ineffective or Inefficient Gate Reviews

Each of the factors described earlier can contribute to perhaps the most significant cause of project failure, poor or ineffective gate decisions. In a highly regarded survey by the Product Development Institute (PDI), over 50% of the best performing innovators claimed to employ a tough, rigorous go/kill decision process. These go/kill decisions, or gates, ensure that resources are not wasted on poor or ill-conceived product ideas and that the best new product candidates are not starved of the critical resources needed to meet launch targets.

## Taking Stage-Gate to the Next Level

Best performing innovators achieve 2.5 times higher sales of new products and 10 times higher returns from their innovation investments than the worst performers. It is widely recognized by product development experts that formal product portfolio management combined with an idea-to-launch process that employs rigorous go/kill decision gates and highly efficient NPDI project pipeline management and execution are key characteristics of top-performing innovators.

### Aligning Business and Innovation Strategy

According to recent research by AD Little, enhanced innovation capabilities is now cited as the number one driver for growth and profitability, yet many organizations lack the processes and tools to measure and improve their innovation effectiveness. Clearly leadership teams need to be engaged with the innovation process and nowhere is this more critical than in aligning innovation and business strategy. Leading innovators do this by using a formalized portfolio management process and product roadmaps to align, coordinate and synchronize all product development resources.

As a result of business strategy planning, leadership teams should identify areas or strategic arenas that provide the best opportunity for success. These arenas can define markets, technology areas, competitor weaknesses or customer demographics and lay the foundation for where the company believes it should or should not compete.

Portfolio management provides a mechanism for translating these strategic arenas into product portfolios where priorities, resources and funding can be allocated. The CA Clarity PPM Portfolio Manager helps enable organizations to define multiple product portfolios for analysis and scenario planning. Through personalized dashboards and reports, the leadership team can constantly monitor the composition and health of the product portfolio and rapidly communicate course adjustments to address internal and external changes.

### Improving the Idea-to-Launch Process

As stated earlier, the practice of using decision-making or funding gates is widespread, however what distinguishes successful innovators is the customer-focused nature of their stage-gate process and that they are able to truly kill poor product ideas early in the process. An effective stage-gate process will produce a “funnel” effect with many fewer projects at the later, more costly, stages of development than initially enter the funnel. A sure sign of a sub-optimal process is when the pipeline exhibits “tunnels not funnels” meaning projects are rarely killed resulting in too many low value projects.

CA Clarity for NPD improves the stage-gate process by:

- Managing and tracking the key data and deliverables required for rigorous go/kill decision gates
- Providing standard deliverable templates, gate scorecards and process workflows improving overall quality of execution
- Helping to ensure all project team members understand their tasks and deadlines within the overall idea-to-launch process

- Providing all team members with access to key project data and worksheets they need to complete their tasks and responsibilities
- Allowing process managers/owners to publish help and guidance to all team members to accelerate process adoption and innovation maturity

### **Effective Project Pipeline Management**

For many product development organizations, project funding decisions are further complicated by the competing interests of multiple, concurrent product development efforts. Organizations must find a way to prioritize and sequence these initiatives to fit within overall financial and resource constraints. Most often, this balancing exercise is referred to as pipeline management and results in a portfolio of product development projects that delivers the optimum operational and strategic value to the business.

Once NPD projects have achieved gate approval, the CA Clarity PPM Project Portfolio Manager is used to conduct a portfolio review where all approved or “active” projects are analyzed collectively to derive a project portfolio that is achievable given the available resources of the organization and balances overall portfolio risk and return or economic value.

Using scenario planning, portfolio reviewer’s can create and compare alternate portfolios to assess the impact of different project selections, timings and even development approaches that alter the funds and resources available.

With CA Clarity for NPD, gate reviews and portfolio reviews become an integrated and streamlined process resulting in highly effective and efficient pipeline management.

### **Excellent Project Execution**

Successful NPDI relies on the close coordination and collaboration between multiple functions within the organization including R&D, marketing, finance, sales, manufacturing and supply chain. This poses a significant challenge as product development organizations struggle to manage multiple, concurrent and cross-functional projects. Not surprisingly, project management consistently ranks as one of the most important capabilities for NPDI.

CA Clarity for NPD delivers a powerful cross-functional or matrix planning environment where each functional group can plan their own work and resources and remain in step with other groups with the overall product development project. The CA Clarity PPM Project Manager provides all of the capabilities needed to define inter-related work plans, assign resources, track project action items, issues and risks and capture progress and project expenditure for comparison with planned or budgeted costs.

Because CA Clarity for NPD provides role-based access and security, authorized project team members can easily collaborate on work across the NPDI process ensuring close co-ordination across the entire NPDI process.

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**SECTION 3: BENEFITS**

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## Improved Innovation with CA Clarity for NPD

Whether you use a standard or internally developed gating process for NPD initiatives, CA Clarity for NPD can dramatically improve your innovation process. The results will be:

- A healthier product portfolio that aligns the business and innovation strategy
- A more achievable project pipeline with reduced resource overloads and bottlenecks
- Well planned and executed NPD projects that coordinate the efforts of cross-functional NPD teams
- Reduced project delays through effective resource management and team collaboration
- Reduced NPD costs by eliminating poor product ideas early in the process

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**SECTION 4: CONCLUSION**

The only worthwhile innovation is profitable innovation and studies show that the best performing innovators achieve 2.5 times higher sales of new products and 10 times higher returns from their innovation investments than the worst performers.

They achieve this through a culture of innovation that encourages and supports a formal portfolio management process, a customer-focused idea-to-launch process with rigorous go/kill decision gates and excellent pipeline, project and resource management.

There is little argument that these things are critical but many organizations continue to rely on ad-hoc tools and processes to manage one of the most critical business activities.

CA Clarity for NPD can improve innovation performance by integrating product portfolio management, pipeline management, and project and resource management to create a truly streamlined idea-to-launch process.

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**SECTION 5: REFERENCES**

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Global Innovation Excellence Study 2005, Arthur D. Little

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Best Practices in Product Innovation, Product Development Institute

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Trends in New Product Development and Introduction Processes 2004, AMR Research

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To learn more about CA Clarity for New Product Development, visit [ca.com/products](http://ca.com/products).

CA, one of the world's largest information technology (IT) management software companies, unifies and simplifies complex IT management across the enterprise for greater business results. With our Enterprise IT Management vision, solutions and expertise, we help customers effectively govern, manage and secure IT.

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