



Best Practice Research

Project 1: Fast-Time-To-Market (FTTM)

Ongoing research project into the best practices of highly successful product development programs

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Introduction

fastworksDuring our study of the best practices of highly successful new product development teams we conducted numerous interviews with executives, mid-level managers, and new product development team members representing virtually every line and staff function. The majority of those interviewed were in positions that directly or indirectly affected new product development initiatives. The companies in the study operate in highly competitive niches of the high technology market, where time-to-market (TTM) is perhaps the most essential variable to manage. The research for this project continues to be ongoing.

The practices that were distilled from the interviews are specific and implementable. The intent was to isolate the specific practices of the most successful organizations and teams, practices that were believed to have both a direct and indirect impact on the ability to deliver the right product at the right time to maximize profit.

The 15 companies that participated in this first phase of the study all designed, developed and manufactured high-technology products. There was a wide range of project types, from low-volume (one-of-a-kind manufactured products) with long sales lives to high-volume commodity products with very short sales cycles. Systems companies that participated in the study developed products that required forward and backward integration into their current systems, while other companies made stand-alone component products. The practices reflected in this study are common to all.

Framework within which the study findings are organized

In the process of analyzing the information collected during the interviews, it became clear that development speed, while essential, must be "woven" with the continuously changing needs of the customer throughout the development cycle to be successful. The product must not only arrive on time but must also be the "right" product when it arrives. Recognizing that the customer's product requirements will evolve during development, and responding quickly to those changing needs, is a practice of those teams/organizations that highly successful. Those teams that "froze" specifications early and were not in regular contact with the customer's changing requirements were clearly less successful. We also found that the most successful development teams chose to seek product requirements from the most suitable dominant Tier 1 customer in a particular segment of the market.

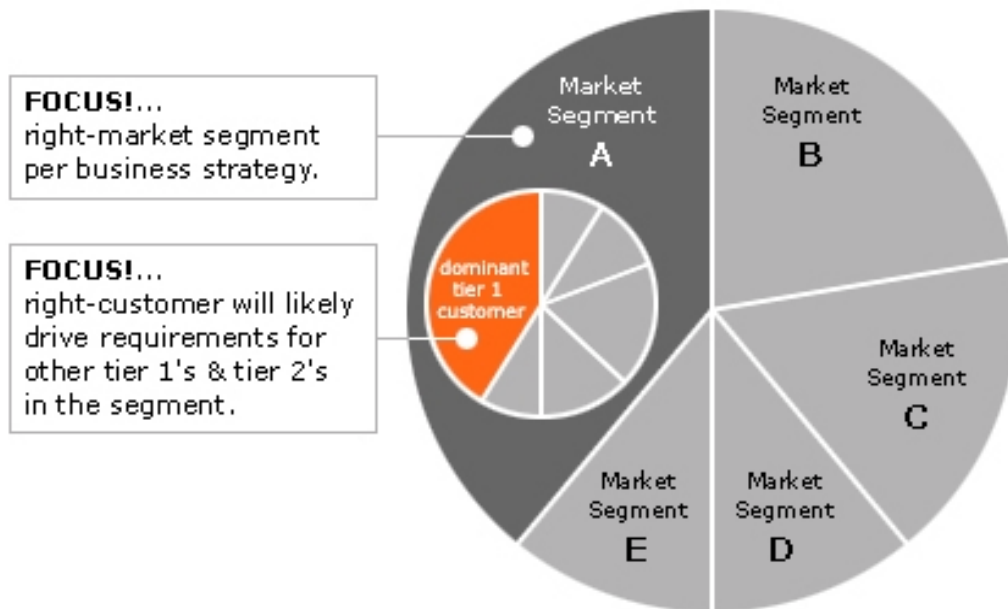
As a result, fastworks has organized this best practice study according to three concepts: Right Customer, Right Product, and Right Time. New products succeed most when they successfully address

all three. In today's competitive market, two out of three isn't enough. Giving our clients the tools to hit the "sweet spot" where all three intersect is the prime goal of fastworks.

Right Customer

Highly successful companies base their business plans on the market. They study market segments and carefully choose which ones to compete in, looking for the most suitable dominant Tier 1 customer in a particular segment—the Right Customer. The Right Customer's product requirements are the ones to zero in on. If the dominant customer buys the product/solution, the Tier II customers are more likely to jump on the bandwagon and buy it too. Derive product requirements from a Tier II customer, and the product will likely appeal only to the Tier II customer, and end up capturing a small share of the market—if any. fastworks has developed methodologies that help companies focus on the Right Customer:

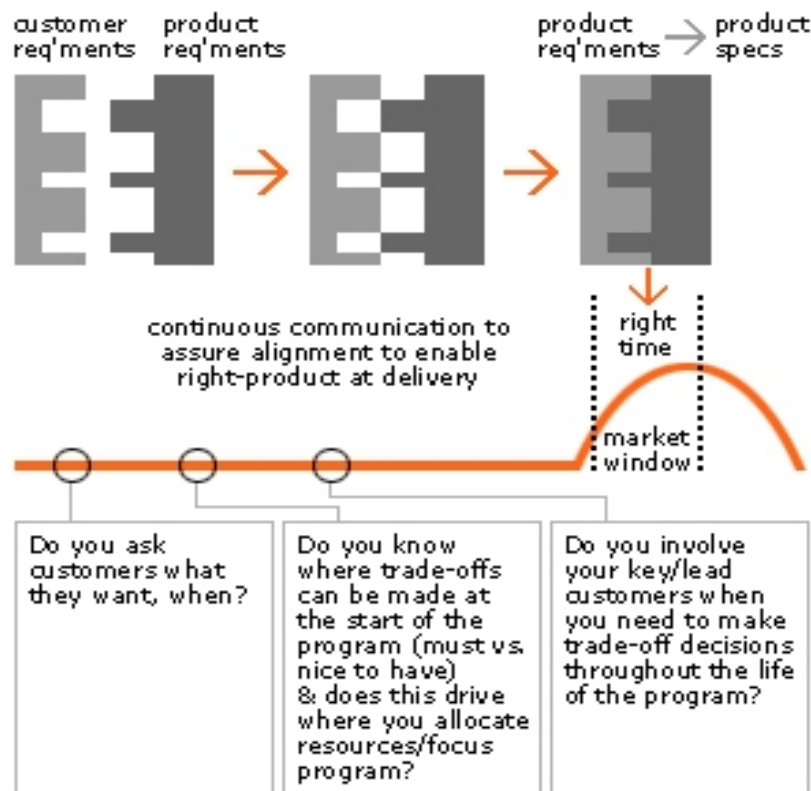
- Engage with customers directly to define and develop the product
- Analyze market segments in-depth to position products precisely
- Put the emphasis on finding and meeting customer requirements, rather than letting the product's potential capabilities drive the process



Right Product

Simply stated, the Right Product is the one that precisely meets the Right Customer's product requirements. But determining those requirements and translating them into product specifications is a complex process, and businesses don't always put in enough effort. The problem: it's possible to wind up spending money and time developing a product that has a fabulous array of features—which the customer doesn't turn out to need. Designing unnecessary features can also lengthen the development cycle, causing the product to miss its window of opportunity. fastworks has a proven process for taking the guesswork out of determining the Right Customer's real product requirements:

- Identify the right people in the customer organization to ask
- Develop questions that get to the heart of what they need
- Find out what the customer's own customers actually want
- Obtain the customer's involvement throughout the entire development cycle, to keep up with their changing requirements
- Quickly translate the customer's priority requirements into product specifications
- Convince engineers to buy in to those product specifications



Right Time

Product life-cycles are short and steep, and there's a great deal of competition from Asian and now third world countries--especially in the high technology sector. Therefore, entering the market at the Right Time is critical to a company's survival. This almost always involves being first to market, at the time when demand is just beginning to accelerate. By entering the market at the Right Time, companies can sometimes contract to sell at the highest average selling price for an extended period of time, avoiding the price degradation that inevitably occurs over time. fastworks provides tools that turn the schedule from wishful thinking into a dynamic tool for managing the process, reducing time-to-market without compromising other requirements:

- Ensure that the organizational structure supports fast teams
- Know the cost of being late to market, and use that cost-of-delay as the primary driver for speed.
- Implement fast decision-making procedures that authorize fast starts
- Make schedule KING
- Create fast schedules and rigorous tracking systems

