

WHITEPAPER

LESSONS FROM THE TOP 3 DISRUPTIONS TO EFFECTIVE PRODUCT DEVELOPMENT

INTRODUCTION

As a product leader, you know how quickly things have changed over the past few years. Companies like yours are digitally transforming processes and products to keep up with both customer demand and the competition. Recent challenges can impact your ability to keep up, but with the right approach organizations like yours can leverage disruption to gain foresight, optimize product portfolios, and deliver with confidence.

While many of these challenges put your standard processes at risk, they also represent massive opportunities to evolve your current approach to product development. Making the most of each disruption first requires an understanding of why that change came about and how your organization can become more agile and adaptive. Through that analysis, we have identified three specific disruptions that present pathways to innovating processes, which can help turn those challenges into opportunities by adapting your portfolio mix to prioritize the most innovative products, maximizing resource capacity, and accelerating time to market.



BACKGROUND

Smart, connected products and digital experiences are increasing product development complexity, making the search for the right people, processes, and technology easier said than done. It is estimated that there will be more than [41 billion IoT devices by 2027](#), and everyone wants a piece of the pie.

Companies are searching for ways to build both agility and resilience into their product development processes. This

need is amplified when cross-functional team collaboration on physical product development and digital enablement play an integral role in the effectiveness of an organization's processes and in formulating a dynamic strategy and flexible delivery model. Not to mention, in the background, organizations must navigate various disruptions in their pursuit to optimize product research and development (R&D) while accelerating time-to-market.

THE DISRUPTORS

In an industry review of the most common product development disruptions, the following three were the most prominent:



1. Digital Transformation to Drive Innovative Products and Performance

Digital transformation is nothing new, but some still view it as either an IT exercise to modernize applications for the cloud or a commercialization mindset to create innovative digital products and experiences. The truth is, it is both, and product development needs to be part of an agile, integrated ecosystem to take the lead.

[Accenture found](#) that 58 percent of leading product companies strongly agree that their company is successfully synchronizing the tech, data, and human agenda compared to just 25 percent of non-leading products companies.

Customers, competitors, and emerging technologies are a few drivers of this digital revolution, pushing companies to reimagine the product development status quo. Instead, companies must be able to quickly adapt to change, shift priorities and resources with agility, and continually develop products that bring value. And the definition of value is a moving target.



2. Smart, Connected Products Are the New Norm

Interesting acronyms now pepper many product strategies: IoT (Internet of Things), IoMT (Internet of Medical Things), IoP (Internet of Packaging), and SCoT (Smart Connected of Things), just to name a few. As an example of their prevalence, [Deloitte found](#) that 68 percent of all medical devices produced over

the next five years will be IoT devices, an unthinkable statistic just a decade ago.

While these products introduce exciting opportunities, they pose unique challenges. Delivering an enhanced product experience requires diverse skill sets and cross-team collaboration, integrated data and roadmaps, and flexible work methodologies to bring the best product experiences to market as quickly and efficiently as possible.



3. Global Supply Chain Competition and Environmental, Social, and Governance (ESG)

Supply chain disruptions and demand for environmental, social, and governance standards require greater accountability from product organizations. In [a 2020 McKinsey survey](#), 93 percent of senior supply-chain executives said they intend to make their supply chains "far more flexible, agile, and resilient." And [MIT Sloan Management Review](#) found that "investors see a strong link between corporate sustainability performance and financial performance, so they're using sustainability-related data as a rationale for investment decisions."

Adopting innovative technologies, sourcing alternative materials and suppliers, and building brands that prioritize sustainability require a contortionist-like level of flexibility. It takes incredible agility to respond quickly to disruptions in material sourcing and packaging, emerging technology, and changing regulatory and social requirements before it impacts cycle times and margin.

THE IMPLICATIONS

These disruptions are an annoyance but can also reveal opportunities. Either way, inaction in any direction can lead to a rapid loss of market share and revenue. When companies fail to evolve and adapt, continuing to operate with disparate teams and data silos – chaos abounds, and effective collaboration is nearly impossible. The domino effect results in:

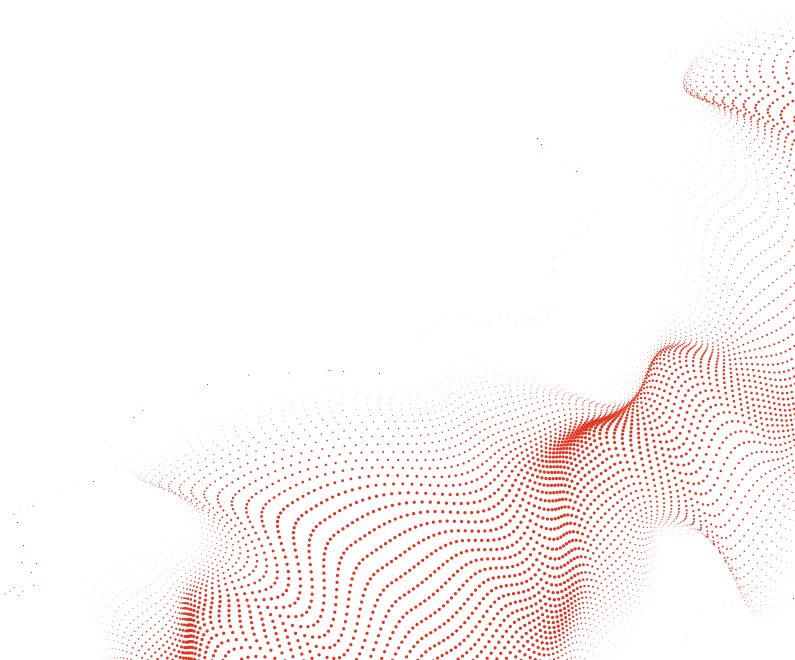
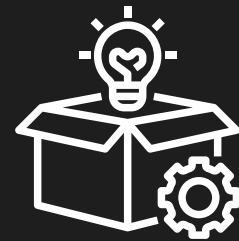
- Higher costs due to delays, inefficiencies, lack of strategic alignment, and poor investment decisions
- Greater risk of product failures, missed objectives, and overstretched or misaligned resources
- Missed opportunities to innovate and bring quality products to market before the competition

Ultimately, the customer's experience suffers, and they move on to the competitor who can deliver.

Companies can learn from these disruptions and act, thereby:

- Building a culture of innovation to gain market share and position products in new markets
- Setting foundations for improved prioritization that creates better alignment with strategic objectives across the product portfolio
- Reinvigorating and empowering teams by investing in connected collaboration

Improving product development from the inside out is a real opportunity, one that is well within reach for those who are ready to embrace disruptions as a catalyst for change.



LESSONS FROM THE LEADERS

As the rate of change accelerates, disruptions will become a more regularly occurring part of our business landscape. So, what do we do? The key lesson to learn here: The way we work must become more connected. A key part to building those connections means embracing and adapting to change with speed.

According to [a benchmark report](#) on the state of strategy execution, organizations that experienced the most success quickly adapting to change without sacrificing quality employed four key practices, which allowed them to speed change and outperform their competitors. Those practices included:

1. Continuous replanning
2. Broad application of lean and agile principles
3. Timely accurate data from strategy to execution
4. Investments in technology to understand the impact of change

These organizations realized that solving for disruptions to a product development process calls for building a more resilient, connected approach to product portfolio management that champions innovation, dynamic work, and sustainability. As seen in the best practices, one of the first steps leaders in strategy execution take is one of evolution.

By getting out of traditional product development trenches to gain visibility into the bigger picture – interdependencies, alignment to the innovation strategy, and resource capacity, to name a few – organizations can more easily shift priorities faster and with greater confidence. Evolution is next followed by practices that align data with technology to help put the most relevant and useful business intelligence into action.

[Gartner says](#), “Product portfolio management applications ensure the product strategy’s alignment to both short-term and long-term business objectives, with the ability to model changes for agile project management.”

The right [product portfolio management software solution \(PPM\)](#) consolidates data in one place for all teams and stakeholders, providing necessary visibility into what’s happening now, what’s coming, and where priorities should be – making it possible to confidently pivot when disruptions occur. Why? Because there is a clear understanding of the impacts those decisions have.

Product portfolio management is a practice that can be a powerful asset to help product organizations:

- Gain real-time visibility into all aspects of the product portfolio for smarter, faster decisions
- Identify gaps, manage dependencies, and balance resource capacity across the complete product portfolio
- Enhance cross-functional collaboration to easily measure and communicate progress across multiple product roadmaps and project plans

Even without disruptions knocking on the door, the days of having [too many development projects in the pipeline](#) and resources spread too thin can be a thing of the past. Organizations can select the right products for the portfolio and speed new product development in most scenarios, as changing circumstances have less impact on delivery.

When every member of an organization has access to aggregate, real-time business intelligence in a single collaborative hub – the portfolio roadmap becomes clearer, even when the journey takes a different direction than originally expected. Organizations can bring high-value products to market quickly and efficiently to meet customer demand, stay ahead of the competition, and dynamically deliver on any innovative, sustainability, or customer experience strategic objective.

49% OF LEADERS will implement technology for automation and efficiency in the next year.



ADAPTATION IN ACTION

Innovation Focused Teams

A \$12B multinational [food packaging and processing company](#) limits the number of “other projects” per team member to one or two so that for core team members, new-product development is their principal job. Thus, the core team is protected from outside disruptions that divert their attention from prioritized products.

This maturity in product portfolio prioritization and resource capacity planning allows the company to embrace digital transformation as a way of **balancing the product portfolio mix** while keeping new product development initiatives on target. A balanced portfolio enables them to **optimize resources** across the portfolio to focus on the most strategic product innovations.

Global Cross-functional Collaboration

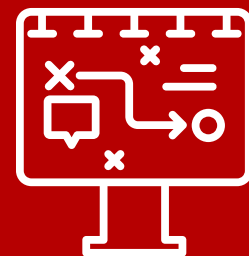
A Fortune 500 consumer packaged goods (CPG) company enhanced cross-functional alignment and increased speed to market by leveraging product portfolio management to engage its workforce across the entire global enterprise and gain real-time visibility throughout the commercialization process, delivering a direct line of sight from strategy to delivery.

With 3,500 active projects in a highly cross-functional commercialization process, they used the trend towards digitalization to collect data, establish trends and make better business decisions, resulting in an **accelerated time to market** for innovative products that offered enhanced customer experiences.

On-strategy Delivery

A global healthcare leader in nutrition science automated their cross-functional request process to better assess resource availability before execution. They also integrated that new product request functionality with their stage-gate process, resulting in reduced cycle time and the ability to quickly **adapt to change**, like the increased demand for innovative health-conscious products.

With that integration, they can objectively evaluate product performance to identify when they need to kill an idea, pivot, or reprioritize. The company delivered a record 206 innovations in three years, while reducing median project cycle times by 50% gate to gate. They also accelerated kills by 10 months, which allowed them to redirect 10% more dollars to research and development year-over-year.



SUMMARY

Beyond delivering smart, connected products to meet customer demand or building more sustainable practices in product development, the organizational benefits of adapting product portfolio management practices are extensive. For instance, [PwC's recent survey](#) of 200 firms reveals that they expect their investments in digital product development to increase efficiency and performance by nearly 20 percent over the next five years, reduce time-to-market by 17 percent, and reduce production costs by 13 percent.



Product portfolio management provides the foundation for effective digital product development, offering the ability to:

- **Adapt quickly to change** by objectively evaluating product performance and making it okay to kill, pivot, or reprioritize when necessary
- **Prioritize high-value products** to focus resources and funding on the most innovative products with the highest ROI
- **Balance the product portfolio mix** across strategic initiatives and **optimize resource capacity** across the portfolio
- **Identify risks, opportunities, gaps, and dependencies** early in the development process to minimize cycle times
- **Support different ways of working** through multiple work methodologies (Agile, Stage-Gate®, Phase-Gate, Waterfall) for more connected and collaborative teams
- **Accelerate time to market** for innovative products and elevated customer experiences

Remember, while product development has become more complex, product portfolio management is a critical tool to help overcome disruptions by putting intelligence into practice, converging products and technology, and driving the delivery of innovative products to market.

ADDITIONAL RESOURCES

Learn more about how your organization can benefit from product portfolio management at [Planview.com/PD](https://planview.com/PD).

- Have questions? Let us know! 1.800.856.8600 / Product.Innovation@Planview.com
- Join a Product Portfolio Management LinkedIn Group. Connect with colleagues to share information, best practices, and solutions at [Planview.info/LinkedInPPM](https://planview.info/LinkedInPPM)
- About [Planview's Solution for Product Portfolio Management](#)

