



Project Management Innovations



A Quarterly Publication of the Project Management Institute's®
New Product Development Specific Interest Group

June 2003, Volume 8, Issue 2

IN THIS ISSUE

- 🔗 NPD Project Innovation '03
- 🔗 Letter from the NPDSIG Chair
- 🔗 EMEA Service Centre Opens
- 🔗 Critical Resource Alignment for Successful Product Co-development
- 🔗 A Review of *In Good Company*
- 🔗 PMI News
- 🔗 Officers

Announcing the First International Conference on New Product Development - *NPD Project Innovation '03!*

October 20-22, 2003 in Fort Worth, Texas

The NPDSIG is currently working with The Management Roundtable to design a new conference focused on cutting-edge NPD project and program management techniques.

The purpose of *NPD Project Innovation '03*, to be held October 20-22, 2003 in Fort Worth, Texas, is to address the need expressed by many NPDSIG members for real-world approaches to tackle the chaos, risk, unpredictability, and complexity of NPD -- as well as rise above cutbacks and conservatism to generate new revenue and growth.

Industry practitioners and top experts are currently being invited to speak about implementing processes such as Agile, Lean, Six Sigma, Critical Chain and Stage Gate Methods in new ways and different environments. Additional topics include rapid decision-making, getting/defending staff and funding, metrics, motivating teams (including external partners), using IT solutions to better track resources, and more.

Keynote speakers include **Jim Highsmith**, acclaimed author and expert on Agile NPD and project management methods, and **Frank Cappuccio**, VP and General Manager Advanced Development Programs, Lockheed Martin, on leading and executing the \$20B Joint Strike Fighter program.

Workshops, breakout groups, and exhibits will also be offered.

NOTE: NPDSIG members receive a 10% discount on the fee; an early-bird registration (by July 30) saves an additional \$300 and includes a free copy of *The NPD Project & Program Leader's Compendium*.

For more details on *NPD Project Innovation '03*, visit www.managementroundtable.com or contact Jackie Cooper at The Management Roundtable: 800-338-2223, 781-891-8080 ext. 211 or jackie@roundtable.com.

Letter from the NPDSIG Chair

By Alex Walton, PMP,
NPDSIG Chair

As you read this issue of *PM Innovations*, we've reached the half-way point for 2003. During the past six months, NPDSIG officers and volunteers have been busy identifying ways of bringing more value to our 1100 members.

We're improving the way we communicate with our membership.

A primary way of providing value to the membership has been to enhance communication among NPDSIG members. A number of members have been conversing via our Yahoo! Groups forum; PMI_SIG@yahoo.com. A recent history of our "conversations" can be found by signing into the Yahoo! Groups web site. Of course, there are side emails on relevant topics, and a separate Yahoo! Groups account and email flow for our busy board members.

We're also improving the way we communicate via the NPDSIG web site. Earlier this year, our Web Master, Olaf Diegel, spent considerable time reworking the NPDSIG web site. The site has had over 1300 hits since it was reworked. (Congratulations to Olaf who should have his thesis turned in about the time you read this newsletter!)

We're increasing the educational opportunities for members.

If you've read the cover story, you're aware of the exciting collaboration with The Management Roundtable to develop the *NPD Project Innovation '03* conference. This initiative is being managed by a former board member, Curt Raschke, and is a great opportunity for NPDSIG members to help design and participate in an NPD-focused conference.

We're trying to address the interests of our members.

The NPDSIG has been attempting to gather new interests and content for email discussions and the web site. Like some of our members who are in a "mid- life crisis" we are searching for answers to "what do you want?"

The following is a small sample of responses from the 2002 PMI Seminars & Symposium:

- "Continue the newsletter - we like it as is."
- "More communication forums." (The Yahoo! Groups was given an owner, Dennis Chang, and the volume picked up!)
- "Sample presentations on NPD topics."

How can members help bring more value to other NPDSIG members? If you are looking to write a paper or develop a presentation, consider submitting it to this newsletter and our web site. I personally would like to know more about Six Sigma effectiveness and "how it relates to past efforts of TQM, general process management and other improvement techniques (e.g. Rummler Brache - still my personal favorite). This is also a great way to earn PDU credits (5 PDUs per article for the author, 2.5 PDUs for co-authors) as well as share your experiences, interests and passions with a global audience."

The benefit of the NPDSIG is that with a little focus and direction, the leveraged actions of 1100 members can go a long way to meet everyone's desires. I look forward to your responses either direct, pmguru@yahoo.com, or through the group, PMI_SIG@yahoo.com.

EMEA Service Centre - a Major Milestone in PMI's Globalization!

On Wednesday, 21 May 2003, in Brussels, Belgium, the ribbon was cut on the PMI Regional Service Centre serving Europe, the Middle East and Africa (EMEA Service Centre). The ceremony was held as a kick-off to events and activities associated with the opening of PMI Global Congress 2003-Europe, held 22-26 May in The Hague, The Netherlands. In addition to supporting leadership and development among PMI's component organizations in the region, the EMEA Service Centre will:

- Offer consistent, dependable customer service to members and stakeholders;
- Augment member recruitment and retention efforts;
- Provide certification examination support
- Serve as a fulfillment center for non-delivered PMI periodicals and marketing collateral;
- Provide overall conference management for PMI regional conferences.

The EMEA Service Centre, an extension of PMI Headquarters service and support activities, officially opened on 16 June 2003.

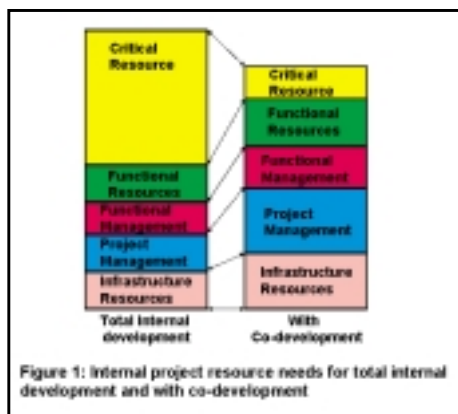
Critical Resource Alignment for Successful Product Co-development

by Curt Raschke, Senior Member Technical Staff, Texas Instruments, Inc.

Many companies have found that forming co-development alliances or partnerships with others is an efficient way to accelerate the market introduction of their new products. From a business management perspective, this is properly viewed as an efficient technique for acquiring needed new technology or core competencies for the project portfolio. From a project management perspective, however, the projects do not physically acquire technology or core competencies. Rather, through the alliances or partnerships, they obtain access to the critical resources needed to implement the technology or core competency. By focusing on the quantifiable critical resource aspects of the project and alignment with the other available project resources, rather than the more intangible technology or core competency aspects, better project management decisions can be made with more successful co-development projects.

These critical resources can be of many types, depending on the needs of the individual project or project portfolio. Some examples are technical capabilities, intellectual property implementation, manufacturing capacity, manufacturing capability, marketing capability, etc. The key concept is to turn co-development project planning and implementation problems into resource management problems so that they can be dealt with through whatever normal resource management tools the project manager uses.

For example, **Figure 1** compares an idealized resource “stack” for a project doing all the work with internal resources with that of a project that uses co-development to acquire a large part of the critical resource (whatever that critical resource may be).



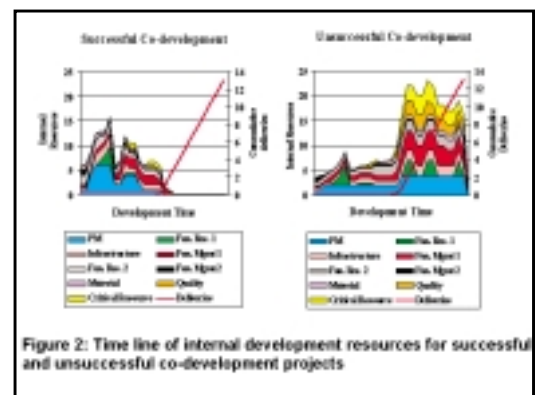
By focusing on the resource aspect of co-development, it is usually recognized in the planning stage that while co-development can decrease the amount of critical resources needed, additional project management, infrastructure

resources and other “integration” resources must be assigned to support the co-development. Such recognition usually helps avoid a common pitfall of assuming that co-development drastically reduces the amount internal effort needed. In fact, to have a successful product development, all co-development really allows is to “trade” a resource the project doesn’t have for others that it does have.

Focusing on the critical resources also helps overcome another common pitfall of not adequately planning for co-development support over the entire life of the project. In high-tech product development, for example, I have noticed that projects that focus on technology aspects will often forget that they need co-development support not only during the design phase of the project, but also later during the verification and de-bug phase and possibly during manufacturing for analyzing customer returns. If, as often happens, they recognize this after the co-development agreement is signed, they find that obtaining the needed technical resources later in the project is difficult (delaying the schedule) or very expensive (running up the cost).

Figure 1 incorporates an often forgotten co-development best practice, that the project should never outsource all of the critical resource. It should always control some of the needed critical resources for benchmarking, sanity checking, risk and opportunity identification, and project integration facilitation. Outsourcing all of the critical resource puts the project needlessly at the total mercy of the co-development partner.

Figure 2 compares the (normalized) development group internal resource loading of two actual semi-conductor co-development projects as the projects went from project kick-off through full scale manufacturing, as indicated by the straight line showing cumulative product deliveries.



(Manufacturing resource loading is not shown in either project.)

continued on page 6

A Review of *In Good Company* by Don Cohen and Laurence Prusak

Published by Harvard Business School Press (Boston, 2001)
ISBN 0-87584-913-X

Reviewed by Michael Ayers

Rating: 8 (The Official Ayers Rating Scale goes from 1-10. Anything lower than 6 is thrown out. This produces a net five point scale from 6-10.)

Imagine, if you will, an organization composed of completely rational people. These people act as cool, calculating actors. They ultimately behave as independent agents, each with a unique set of values and aspirations. All of them seek only the best for themselves as individuals. One might suggest they hardly form an 'organization' at all. Perhaps this matches your vision of investment bankers. Or Wall Street analysts. Or professional athletes.

In this book, Cohen and Prusak make the case that the connections between people within an organization transform that group into an 'organization.' They refer to this as social capital and suggest that organizations need to understand *social capital* as a dynamic and even organic phenomenon. Managers cannot command it from above; they cannot render it fixed and permanent. It has an ebb and flow; it operates in biological time, not Internet time.

They offer this working definition:
"Social capital consists of the stock of active connections among people; the trust, mutual understanding, and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible."

These mysterious connections focus on various facets of acknowledged interdependence - trust, understanding, values, behaviors - that support collective action, presumably toward some common goal.

Since no one can mandate social capital into existence, we need to examine it in order to learn about how it *does* come into existence. Cohen and Prusak suggest that we can look at the generation of social capital as the *result* of continuing interactions. They suggest that we can equally look at it as the *cause* of continuing interactions. That is, A trusts B because of prior satisfactory engagements and, since A trusts B, that will likely result in future satisfactory engagements. Further, they suggest that we can look simply at the *level* of social capital (irrespective of its cause) as an indicator of the mutual satisfactoriness of engagements.

This sense of mutual satisfaction forms a critical element of the overall effectiveness of most contemporary organizations. In organizations where knowledge has become a critical asset - and that asset goes home at night - people increasingly see themselves as volunteers. The authors suggest that we can identify the people with the most knowledge, and therefore the most to potentially contribute, as the ones most likely to leave when they do not find their needs met. Their high value in the marketplace for talent results in their having a low likelihood of taking on a self-perception of 'hostage' to a particular organization. They choose to give their time and energy where they can satisfy their own needs on multiple levels. Cohen and Prusak write, "*A powerful sense of higher organizational purpose can sometimes foster trust. A sense of duty, patriotism, or idealism can help generate trust as well as commitment. People tend to trust institutions that have a 'calling' beyond pure profitability...*"

Putting this in terms of Maslow's Hierarchy of Needs, these people operate well beyond mere physiological and safety needs. They want to find situations to work even beyond the level of self-actualization and move toward transcendence - making a contribution to something bigger than themselves.

Trust forms one key component of social capital. The authors write "*Trust is largely situational: a particular person may be quite trustworthy in one set of circumstances but not in another; where particular pressures, temptations, fears, or confusion make him unreliable. We trust some people to carry out one kind of work but not another.*"

I accept the first part of this comment. Trust depends on the situation and its unique set of circumstances and pressures: "Will someone behave as I trust he will, given the pressures?" We could paraphrase this as, "Is his character strong enough?" I suggest that the last part of their comment, however, reflects a confused understanding of trust. "Carrying out one kind of work but not another" concentrates more on competence than trust. I suggest this differentiation: *trust is a matter of character while confidence is a matter of competence.* I may have confidence in my surgeon but not trust him with my checkbook; I may trust my teenage daughter but lack confidence in her ability to drive in heavy traffic. Just as we view trust as situational, we can view confidence as depending on the situation and the kind of work.

continued on page 7

Reprinted from *PMI® Friday Facts*

PMI Global Congress 2003 - Europe makes its mark!

PMI's first in a series of ongoing global congresses was a resounding success, drawing a total of 556 attendees from more than 50 countries! Participants benefited from the same high quality learning and networking experiences that have long been the tradition of PMI's Seminars & Symposia. Attendees were also treated to an interesting and very entertaining keynote address from acclaimed author and business advisor Fons Trompenaars, who spoke on the vast opportunities that cultural diversity presents in the global marketplace. If you missed this year's congress, be sure to mark your calendars for 19-23 April 2004 when PMI Global Congress 2004-Europe will be held in Prague, Czech Republic.

The complete collection of presentations from PMI Global Congress 2003-Europe will be available starting June 10, 2003 for purchase through the PMI® James R. Snyder Center for Project Management Knowledge & Wisdom. Links to a list of all the presentations and a form for quick and convenient ordering will be available on the Center's home page. The files will be delivered in PDF format only.

Registration now open for PMI Global Congress North America

Advance registration for PMI Global Congress 2003-North America opened June 12, 2003. The second in an ongoing series of global congresses, our North American congress, being held on September 21-23, 2003 in Baltimore, Maryland, USA, offers the same high-quality professional development and networking

opportunities that have for so long been the hallmark of PMI's successful Seminars & Symposia. Other events surrounding the congress are the PMI Leadership Meeting (September 18-20); PMI SeminarsWorld® (September 18-21 and 24-25); the PMI Awards Ceremony and Reception (September 20) and the PMI Research and Standards Open Working Sessions (September 21). Register now by visiting the PMI Global Congress 2003-North America web site to make sure you get the most out of every enjoyable minute.

New PMP Certification renewal fee

To offset rising administrative costs, PMI will be introducing a processing fee for Project Management Professional (PMP®) certification renewal effective 1 January 2004. The fee, which is applicable during each Continuing Certification Requirements (CCR) cycle and is to be submitted with the Application for Certification Renewal, will be \$75.00 (US) for PMI members and \$150.00 (US) for nonmembers. This application is sent to PMPs after they have completed and submitted the required Professional Development Units (PDUs) for their renewal. All applications sent to PMPs on or after 1 January 2004 will require the inclusion of the processing fee. If a PMP is sent the application prior to 1 January 2004 and returns it after the implementation date of the processing fee, a payment will not be required. Find out more about the fee in the CCR Handbook and in the Certification section of the PMI web site.

New test centers open

PMI is pleased to announce that eight new testing centers have opened, and are available to PMP and CAPM Examination candidates:

- Toulouse, France
- Panama City, Panama
- Auckland, New Zealand

- Yokohama, Japan (4 new centers)
- Kuwait City, Kuwait

In addition, a center in Hamburg, Germany is scheduled to open in late June 2003. The complete Prometric Test Site listing is available on PMI's web site.

German and Italian translation of PMBOK® Guide now available

To better support project practitioners around the world, and to maintain global project management standards, PMI has released the German and Italian translation of *A Guide to the Project Management Body of Knowledge (PMBOK® Guide-2000 Edition)*, two of eight official translations being offered. Global practitioners can now study the *PMBOK® Guide* in the same language in which they plan to take the PMP Certification Exam! Already available in Chinese, Japanese, Spanish and Brazilian-Portuguese, additional translations in French and Korean will follow shortly. The *PMBOK® Guide* translations can be purchased in paperback at www.pmibookstore.org.

PMI Career Headquarters honored for second year!

PMI's online Career Headquarters services have been chosen to appear in the *Weddle's 2003 Recruiter's Guide to Employment Web Sites* and the *Weddle's 2003 Job Seekers Guide to Employment Web Sites*. More than 6,000 web sites were considered for the guides, and only 350 were chosen for inclusion. Each site in the *Recruiter's Guide* is profiled with a full page of information on its services, features and fees for employers, staffing agencies and executive search firms.

continued on page 7

Critical Resource Alignment *continued*

One was successful in the sense that the internal development resources required went to zero as the handoff to manufacturing was accomplished smoothly. The other was unsuccessful in that large amounts of internal resources had to be devoted to fixing design problems as the product ramped into full scale production. Comparing the internal resource utilization between the two projects highlights some of the resource alignment best practices discussed previously.

First, the successful project allocated more project management and integration best practices up front than did the unsuccessful project. While the staffing of the unsuccessful project was lower during the development phase, the resource usage over the entire product life cycle was much higher. Second, the successful project maintained internal control over a reasonable amount of the critical resource throughout the development phase of the project. The unsuccessful project effectively outsourced all the critical resource during the development phase and then had to bring in large amounts of that resource during production to fix the problems.

Hall of Leaders Web Site Debuts!

PMI is proud to announce the launching of its new Hall of Leaders web site. This fitting and permanent tribute to the Institute's Founders, Fellows, current and past Boards of Directors, as well as PMI professional award recipients, celebrates their individual and collective commitments to both the Institute and the profession at large. Their vision, dedication and unselfish efforts on behalf of PMI have contributed in substantial measure to the organization's continuing success. PMI would like to acknowledge the Memorial Project Action Team for providing recommendations which led to creation of the site, as well as Kenneth O. Hartley, PMP, PMI Fellow and Vice Chair of the Board, for championing this effort. To access the new Hall of Leaders web site, please visit www.pmi.org/hol/.



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In Good Company *continued*

The authors spend time reviewing the important idea of networks. They note that sociologists invented network analysis and that more mathematically-minded academics subsequently refined the concept. Rather than focus on the formal relationships found on the average organization chart, these networks tie people together in informal ways. People can serve networks in a number of roles, including connectors, boundary-spanners, mavens, and gatekeepers. Each of these roles makes a different and essential contribution to the overall effectiveness of the network. In an important way, a network worldview may value *connectedness* in a way similar to *superiority* in a purely hierarchical worldview.

In the last chapter, the authors take a hard look at two variations of virtuality. They look first at virtual organizations pulled together for a specific purpose then disbanded and second at staff members who interact with one another in some virtual way other than face-to-face. They warn of the difficulty of creating and sustaining social capital in this virtual environment.

The authors do a good job of pulling together many ideas. Other authors address those ideas -such as trust, networks, knowledge - in greater depth in a more focused but less 'connected' way. As a survey of the impact of social capital on organizational effectiveness, however, the book offers a good place to start.

¹ For a treatment of trust, see Robert B. Shaw's *Trust in the Balance*; for networks see Malcolm Gladwell's *The Tipping Point*; for knowledge, see John Seely Brown's, *The Social Life of Information*.

Friday Facts *continued*

Similarly, each site selected for the *Job Seeker's Guide* is profiled with a half-page of information designed to help those seeking a new or better job. The PMI Careers Headquarters web site offers job positing for project management practitioners working in dozens of industries and interest areas. The site also offers the CareerLink Directory of PMI member resumes/ curriculum vitae, as well as career and professional development resources.

PMI standards program launches new projects and invites participation

PMI has started three new standards this year and selected project managers for each. The first project is an update to the *Practice Standard for Work Breakdown Structures*, which was first published in 2001; Eric Norman, PMP, of Atlanta, Georgia, USA, has been selected as the Project Manager. Secondly, a new project to develop a standard for Program/Portfolio Management was initiated under the direction of Dave Ross, PMP, of Dayton, Ohio, USA, as Project Manager. Most recently, Doug Clark of Washington, DC, USA, was selected as Project Manager to develop a Practice Standard for Scheduling. Individuals interested in participating on any of these projects may submit a volunteer application.

NPDSIG 2003 Board of Directors

Here are your NPDSIG officers for 2003 and their email addresses. As your representatives, they need and welcome your insight. They are a great way to start networking in the NPDSIG.

Chair:

Alex Walton, PMP
pmguru@yahoo.com

Vice-Chair Technical:

Dennis Chang
dennis.chang@gluonnetworks.com

Vice-Chair Finance & Admin:

Bijoy Chatt
bjoychatt@aol.com

Vice-Chair Communications:

Jan Wells, PMP
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Vice-Chair Membership:

Mukesh Patel
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Appointed Director:

Greg Githens, PMP
greg_githens@compuserve.com

Appointed Director:

Kenneth Delcol, PMP
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NPDSIG Administrator:

Paula Anderson
paulaanderson@worldnet.att.net

How are We Doing?

Send a note to the Vice-Chair Communications. Does *Project Management Innovations* provide value to you? What do you like or dislike? How can we better serve your needs? Send email to jwells@gmpcompanies.com.

Advertising Space Available

We plan to offer advertising in the next year to help cover the growing expenses of publishing *Project Management Innovations*, and to serve membership by letting them know of products and services available. If you are interested, please contact the Vice-Chair Communications.

2003 Rate List (per issue):

Business Card: \$50

Quarter Page: \$85

Half Page: \$170

Full Page \$340

Project Management Innovations

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Project Management Institute

New Product Development Specific Interest Group

Project Management Innovations is published as a membership benefit by, and for, the members of PMI's NPDSIG. The purpose of this publication is to facilitate networking and information exchange.



New Product Development
Specific Interest Group

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21: PMI Research Program and
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21-23: **Global Congress**
24-25: SeminarsWorld®

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020-010-2003 (02-03)


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