Managing Fuzzy Projects

Reducing risk and improving business returns on innovative projects.

Insufficient planning is a major reason why product development projects fail. But too much planning is a big reason why *innovation* fails. The way you manage projects can be killing your company's ability to explore revolutionary innovations.

In published studies, a significant barrier to revolutionary innovation is simply that it's hard to manage. Without specialized methods to manage development at the "fuzzy front end" of innovation, companies limit new product investment to modest product evolution until a competitor disrupts their markets.

The Briefing

Developing revolutionary innovation presents a paradox: Business managers need investments with fixed schedules and predictable financial returns, but innovation is inherently unpredictable. Traditional project management works well for evolutionary product development, but it's toxic to ground-breaking innovation because the need for predictable results denies innovators the flexibility to explore new technologies or unfamiliar markets.

A new approach can provide the tools to manage fuzzy projects effectively. An iterative project structure, as opposed to the traditional linear structure, gives executives oversight to limit risk and optimize business results without inhibiting developers' flexibility to explore concepts, speculate on outcomes, and adapt to what they learn.

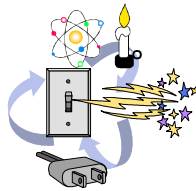The briefing is most valuable when technology and business mangers attend together.

Takeaways

Managing Fuzzy Projects takes a look at the basic problems of managing exploratory projects and provides new tools for business-effective collaboration between executives and developers.

- Why traditional project management is toxic to innovation.
- How an iterative project structure differs from the traditional linear one and enables effective exploration.
- How learning and adapting can replace planning and corrective action.
- How effective collaboration between developers and business executives reduces risk and delivers business value.
- How organizational thinking must change to support Fuzzy Project Management.

The Briefing Leader

John Farnbach is Principal of Silver Streak Partners LLC, helping companies improve the business impact of product innovation. He works with leadership teams to create an enterprise wide new product operation that produces higher returns, reduces fire fighting, and fits their culture and vision. John holds a Ph.D. (EE) and has 35 years' experience in product development at large and small companies in a variety of industries.

Managing Fuzzy Projects

When a straight line isn't the shortest distance

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2

A Fuzzy Project

3

1

Innovation Chasm

- Requirements known
- Market understood
- Predictable results

- Multiple unknowns
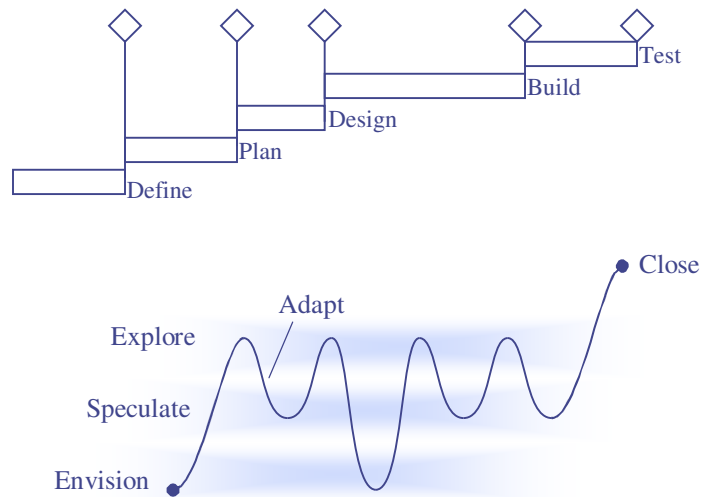- Linked uncertainties
- Funds to explore?

4

Valley of Death
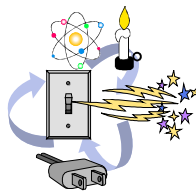
- No funding
- Latent problems
- Rushed into development

5

Purpose of Exploration

… Valuable Knowledge

Project Paradigms

Test
Build
Design
Plan
Define

Close
Adapt
Explore
Speculate
Envision

3

Project Vision

- ◆ Value proposition
  - ▪ Compelling <u>business</u> value
  - ▪ Specific, may not be quantified
- ◆ Constraints
  - ▪ Set boundaries
  - ▪ Trigger re-evaluation

Envision

8

Speculate

- ◆ Unknowns, risks, alternatives
- ◆ Cover all aspects
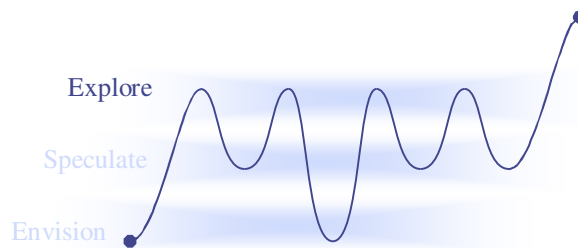- ◆ Prioritize on business value

Explore

Speculate

Envision

9

Explore

- ◆ Time boxed activity
- ◆ Focus on knowledge goals
- ◆ Expedient, not thorough

Explore

Speculate

Envision

Adapt

- ◆ Reflect on discoveries
  - ▪ Impact on value?
  - ▪ Constraint violations?
  - ▪ Process issues?

Adapt

Review project viability

Explore
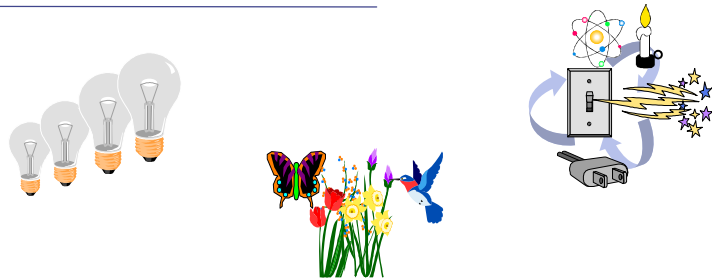
Speculate

Envision

Project Closure

- Start product development
  - Predictable financial returns
- Cancel the project
  - Vision no longer intact
- Project Overhaul
  - New vision, sponsor, team

Close

All successful outcomes

Envision

12
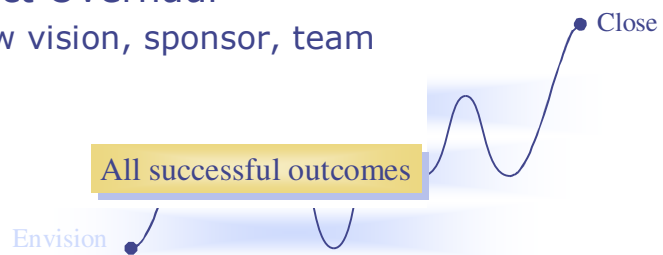
Crossing the Valley

- Justified funding
- Focused exploration
- Appropriate oversight

13

Management Paradigms

<u>Linear</u>	**<u>Exploratory</u>**
▪ Planning	▪ Discovery
▪ Corrective action	▪ Adaptation
▪ Gate review meetings	▪ Frequent dialog
▪ Formal process	▪ Responsibility

New Project Contract

◆ Conformance to plan
  - ▪ Framework: milestones, deliverables
  - ▪ Little flexibility
  - ▪ Management oversight easy, "objective"

  ◆ Value-driven learning
    - ▪ Framework: learning and adapting
    - ▪ Business value guides flexibility
    - ▪ Oversight thru vision

New Roles

♦ Executive sponsor
  - Traffic cop ➔ motorcade escort
  - Participation
  - Project champion

  ♦ Developers
    - Inventors ➔ entrepreneurs
    - Self discipline
    - No formal process

16

Fluid Communications

♦ Executive to developer
  - Quick feedback on concerns
  - Keep an open door
♦ Developer to executive
  - Timely and open
  - Honest about negative findings
♦ Developer to developer
  - Ego-free. Open. Unstructured. Frequent.

17

Right Team

- Broad domain expertise
  - Multiple business disciplines
  - Outside experts for broader expertise
- The right people
  - Comfort with informal process
  - Open communication style

18

Managing Behaviors

- Vision: understood and internalized
- Communications: fluid and honest
- Time boxed iterations focused on vision
- Candid, honest adaptation
- Effective access to outside resources

19

Questions? Comments?

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20