

A PM's View of Donuts, Funnels, and Gates

Ottawa Manufacturer's Network

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2007.05.25

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SOMOS
CONSULTING GROUP

Outline

- Introduction
- Product Development Techniques
 - Goals
 - Common Problems and Consequences
 - Analysis
- Solutions for Managing
- Conclusion

Introduction and Context

- Three decades of personal experience
 - Product Development
 - Systems Development
 - Technology and Research
 - Working with Really Bright, Creative, Independent People
- SOMOS corporate experience
 - Over 50 professionals
 - Consulting and Training
 - Project Management
 - Architecture
 - Developers
 - Management Consultants



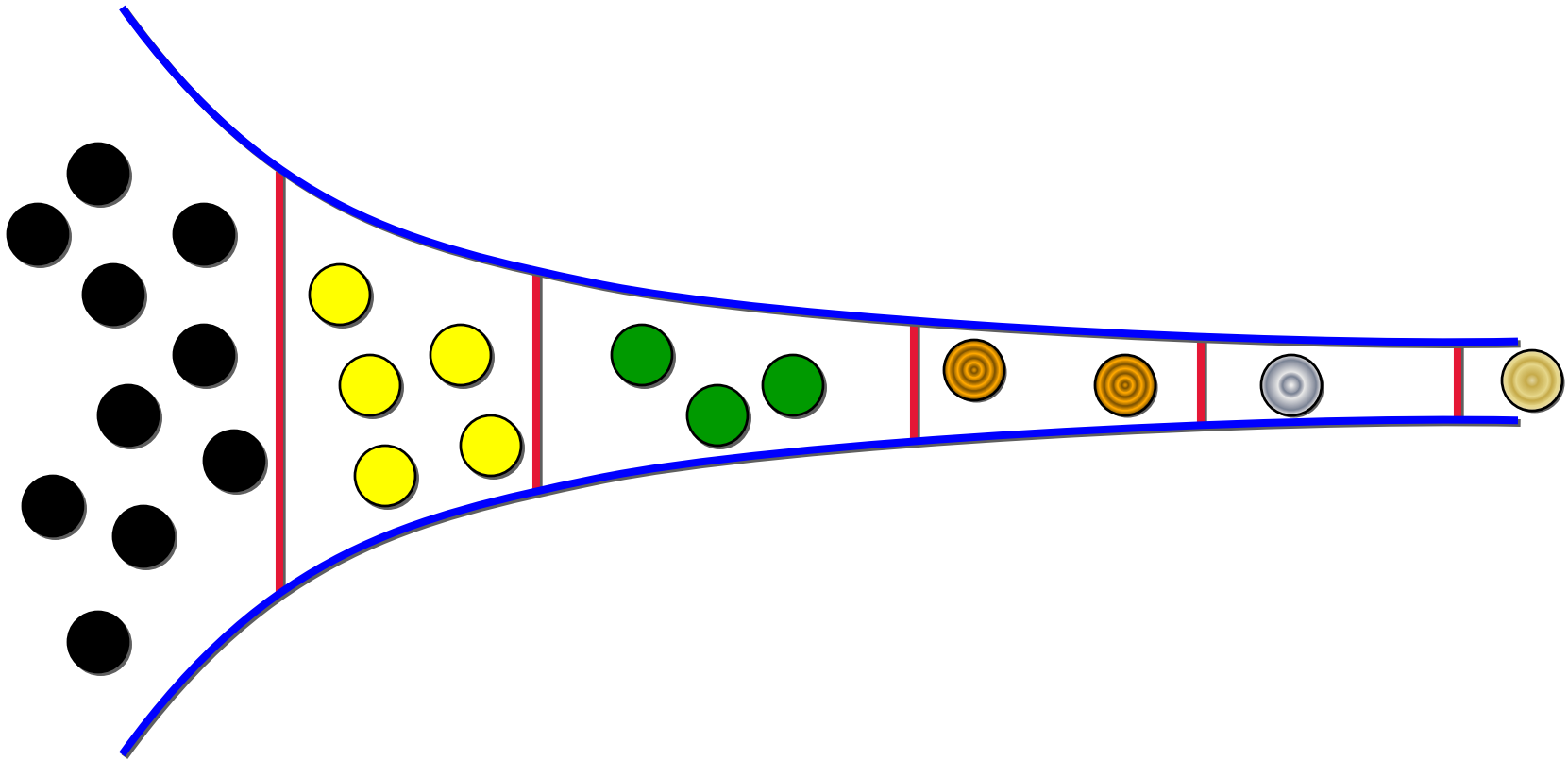
Product Development Techniques



Technique #1: The Funnel



The Funnel in Product Development

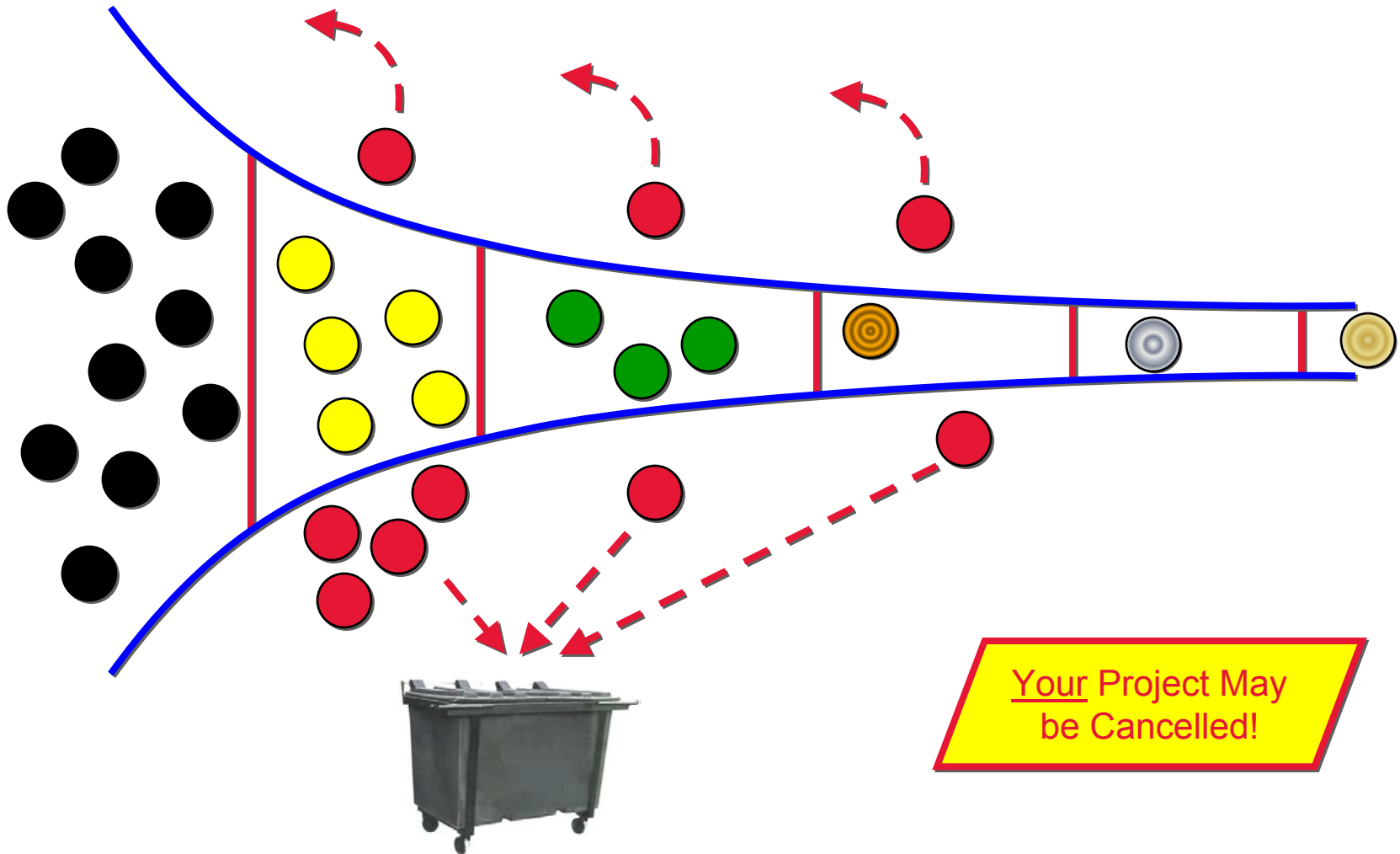


Goals of Using the Funnel

- Cancel weak projects
 - Culling the herd
 - Projects that are likely to fail in delivery
 - Products that are less likely to succeed in the market
 - Re-direct efforts to the most promising products
- Addresses the problem of imperfect information
 - We don't have perfect vision of the future
 - Need to take some steps to get answers before proceeding
 - Market Research
 - Trials
 - Experiments
 - Prototyping



What the Funnels Really Mean



Common Problems and Consequences

➤ Problems

- Reluctance to cancel projects
- Not making a decision (essentially the same thing)
- Starting a phase without the elements for a decision

➤ Outcomes

- Exacerbates resource shortages
 - Resources already over-taxed
 - Now stretched even further
- Confusing to the team
 - Contradictions in direction
 - Goal confusion
 - Lack of integrity
 - Legitimizing the abandonment of process

Common Problems (cont'd)

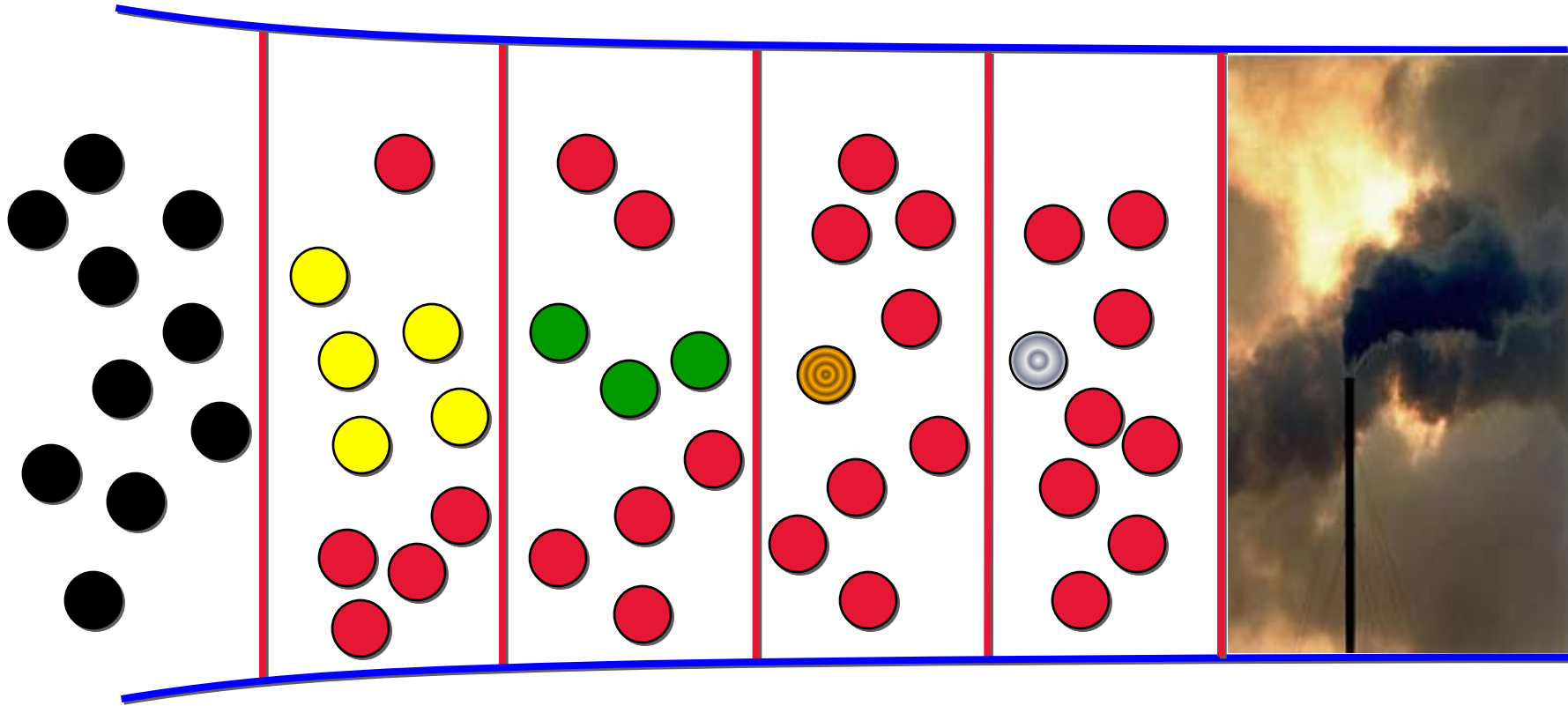
➤ Problems

- This is a strategic tool
 - Not for daily decisions

➤ Outcomes

- When made too visible to team, it can
 - Imply uncertainty
 - Cause angst
 - Lead to protective behaviours
 - Lead to confusion

When Funnels Go Bad



Before Settling on a Solution

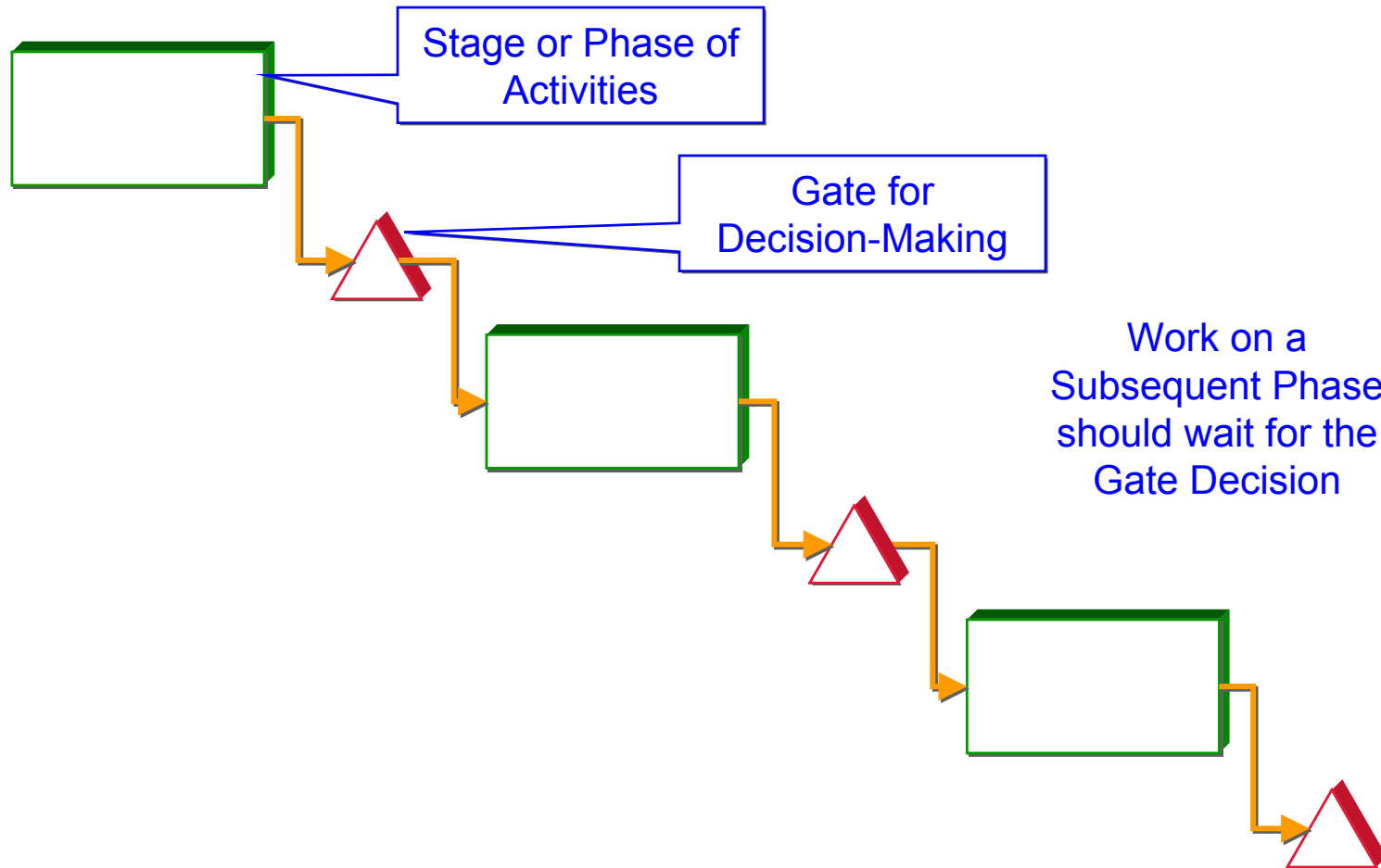
- Examine some of the related techniques



Technique #2: The Gate



Gates and Phases in Product Development



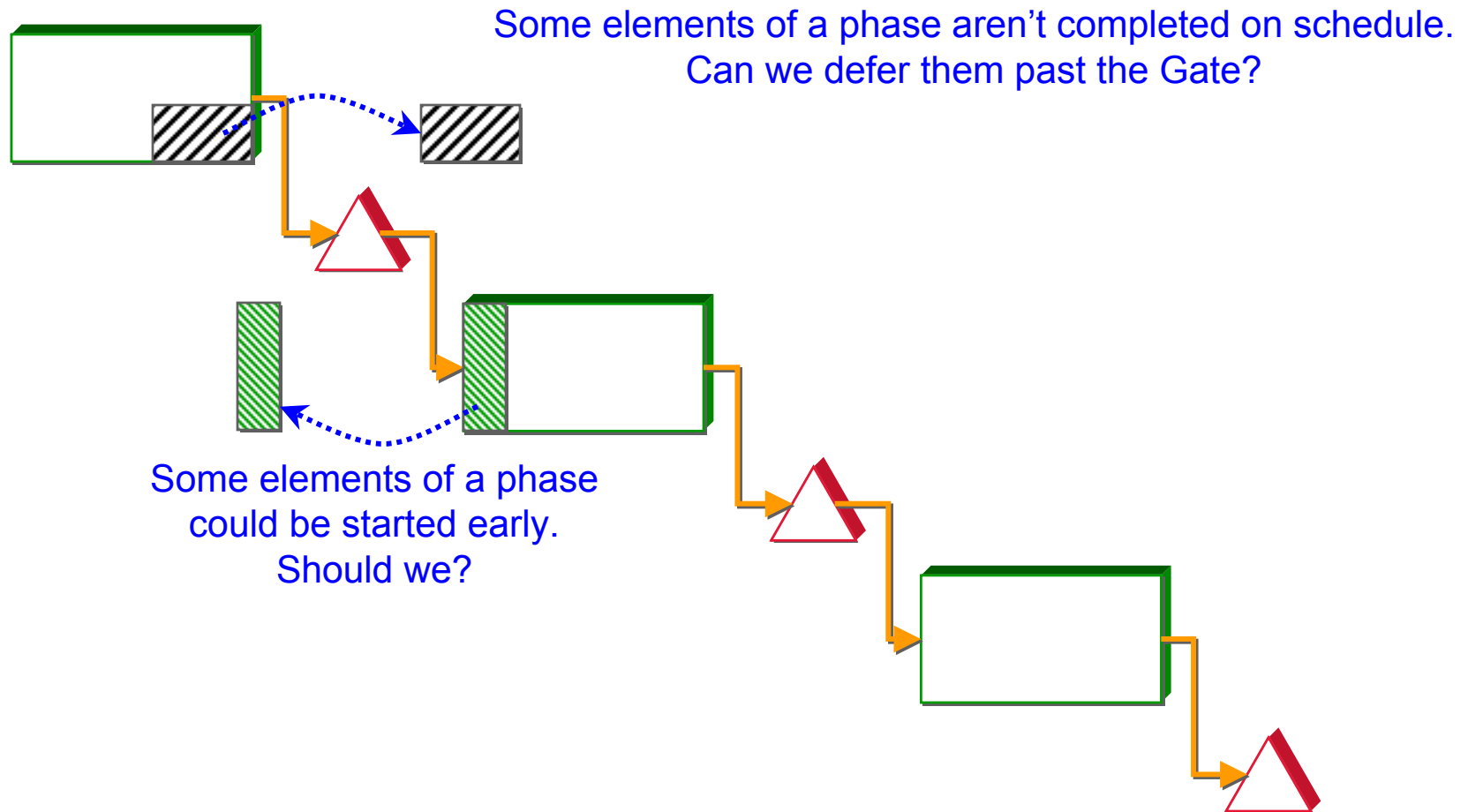
Goals of Using Gates

- Used to split up the funnel into phases or stages
- Clear Decision Points

- One of two outcomes at a gate
 - Projects are allowed to continue
 - Projects are not allowed to continue

- Not continuing means either
 - Sending the project back to do more work at an earlier phase, or
 - Canceling the project

The Reality of Execution



Common Problems

- Work is often done in advance of Gate decisions
 - Executives are slow to make tough decisions
 - Impatience or over-confidence leads managers to start work ahead of gates
- Projects are not cancelled when they should be
 - Unfavourable results may be down-played
 - Potential benefits may be confused with realistic expectations
- Not making a decision is tempting
 - If project succeeds, then we didn't kill it
 - If project fails, then we didn't actively cause it
- When a culture develops where Gates are ignored
 - The effects snowball
 - Managers put less work into supporting gate decisions
 - Executives have even poorer information for their decisions

If We Proceed Without Gating Decisions



Gates become subjective and meaningless.



Phases all overlap and we no longer have a project.



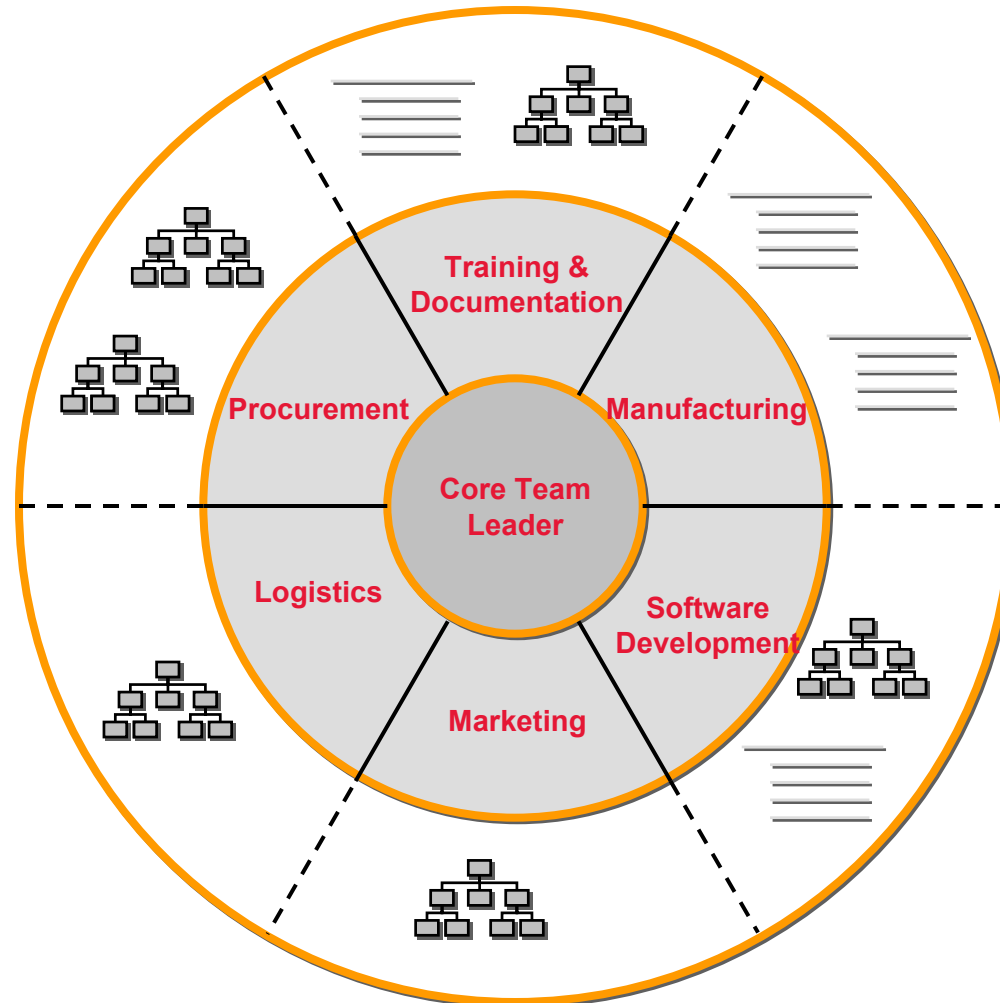
There is no means of control.



Technique #3: The Donut



The Core Team in Product Development



Goals of the Technique

- Establish a Forum for
 - Coordinated Planning
 - Coordination across departments
 - Making Decisions
 - Problem Identification
 - Analyzing Issues & Impacts
 - Problem Solving
 - Training & Educating
 - Status Collecting
 - Status Reporting
 - Social Bonding
 - Team Building
- Alignment
- Trying to build a team among managers
- Make the Distributed Team Leads feel part of the Project
- Focus on a common goal: the project
 - Excitement
 - Energy

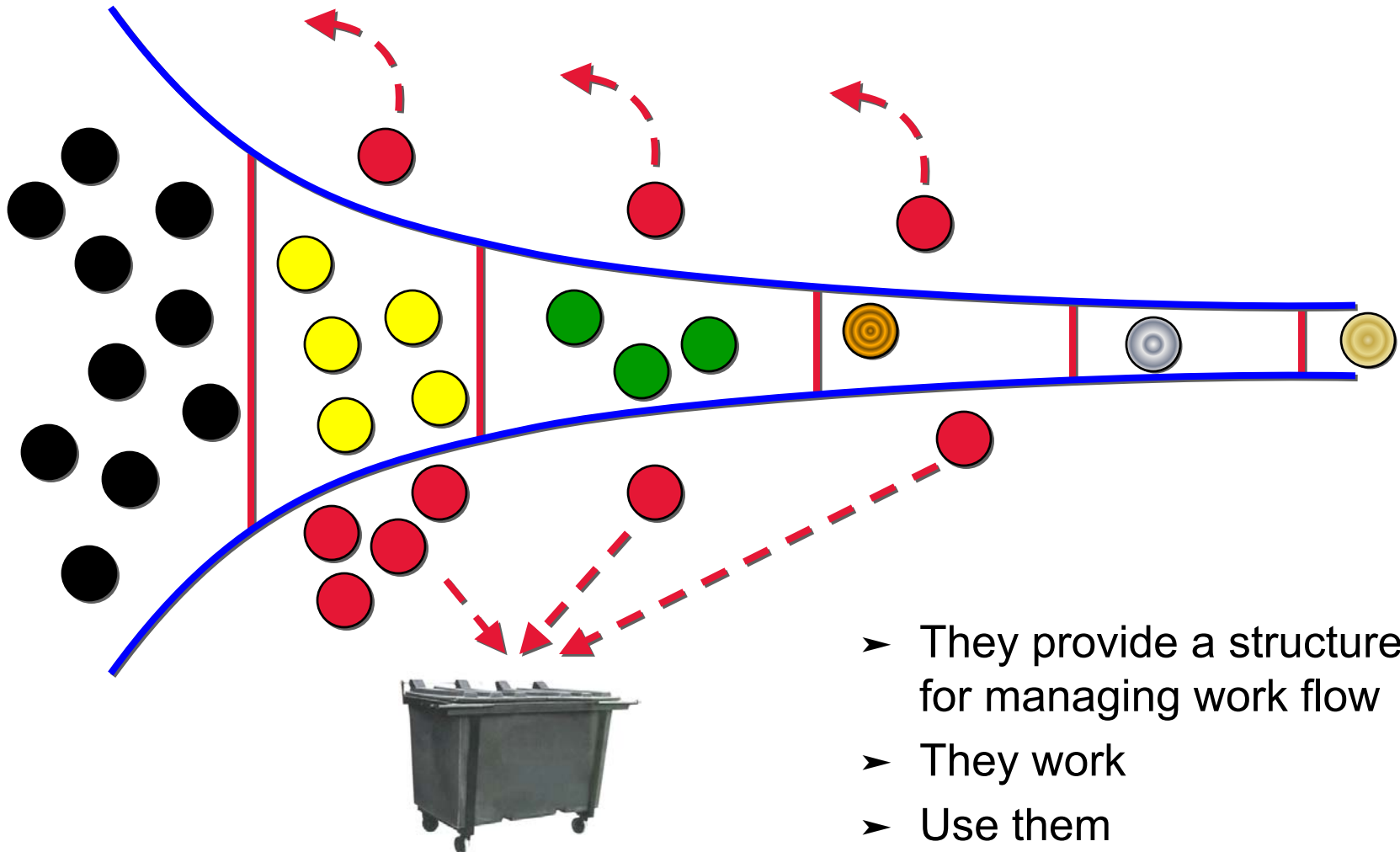
Common Problems and Consequences

- Core Team Meetings become a Forum for
 - Socializing
 - Technical investigations
 - Complaining
 - Making excuses
 - Ducking responsibility
 - Justifying one's existence
 - Blamestorming
 - Doing e-mail
- Results include
 - Passive
 - Diluted authority
 - Conflict of goals
 - Non-delivery
 - Deferring action until the next committee meeting
 - Minutes are kept and hours are lost

Does Project Management have anything to offer?

Fortunately, yes.

Solution #1 For Managing - Funnels



Making the Funnel Work

- Use the funnel at the strategic level, not operations
- Where possible, set decisions at natural breakpoints
- Set several small decisions rather than a few big ones
 - Small decisions are easier to make
- Start with and always measure against the Business Case
- Plans must include resource and cost as well as schedule
 - Otherwise, how will we detect resource overload?
- Overall, decision points should address all aspects of development risk
 - Market
 - Financial
 - Product
 - Production
 - Personnel

Solution #2 For Managing - Gates

- How We *Should* Think of Gates



Making the Gates Work

- Project Manager or Advocate
 - Be prepared for reviews
 - Accept the outcome
 - Don't go around the gates
 - Hold the DM accountable for the decision
- Sponsor or Decision-Maker
 - Be prepared
 - Collect the information
 - Listen to the advice
 - Make the decision
 - Hold the PM accountable for preparation and delivery
- If you do start early or delay a gate decision, then
 - Track the event as an exception
 - Set a limit to the exposure
 - Acknowledge and track the increased risk introduced
 - to this project
 - to all other projects
 - to the integrity of the organization

Solution #3 For Managing - Decision-Making

- Make the decisions at the proper level of management
- Make sure the decisions are made
- Have the information necessary to make good decisions
 - Business Case
 - Plans
 - Actual Costs
 - Real Accomplishments (Status)
- A cancelled project should not be considered a failed project, but a good decision

Making Good Decisions

	Project is Viable	Project is Not Viable
Sustain the Project	Good Decision	Poor Decision Type II Error
Cancel the Project	Poor Decision Type I Error	Good Decision

- What about Not making a decision?
 - (Potentially) Non-viable project is sustained
 - Same as Type II Error

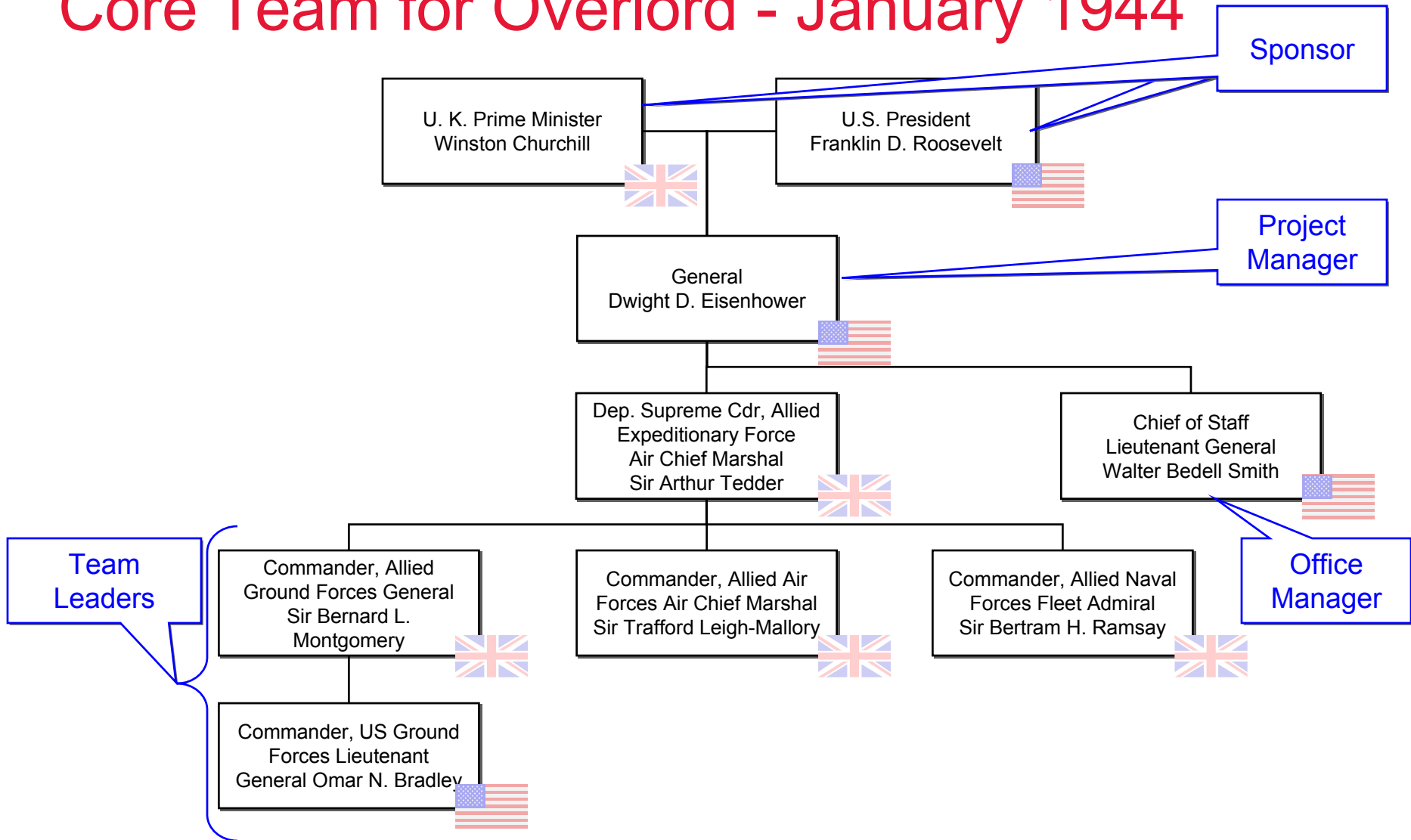
Solution #4 For Managing - Governance

- It is essential to establish clear leadership
- In almost all cases, one individual leads
- Most good leaders build a cabinet team
 - Expertise
 - Analysis
 - Advice
 - Access to resources
- For projects, there are (at least) two key levels of management
- Executive-level Sponsor
 - Make strategic decisions
 - Approve and cancel projects
 - Communicate direction
- Operational-level Project Management
 - Work out the details
 - Planning & Execution
 - Manage the delivery team
 - Accountable to the Sponsor
 - Deliver results

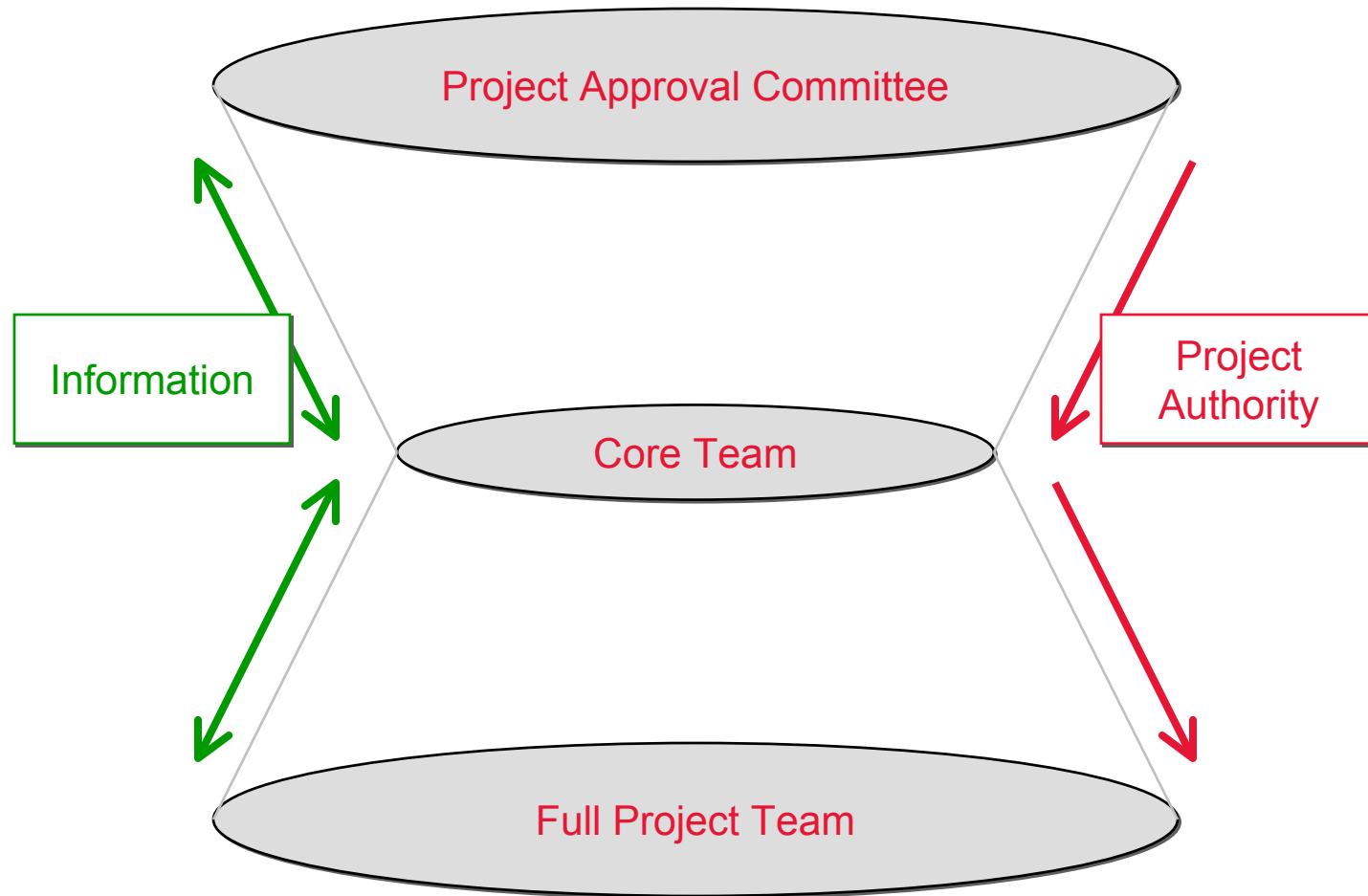
Management on Large, Multi-Team Projects

- PM Committee has a role in Project Decision-Making
 - Works out solutions
 - Technical Integration
 - Task and Resource Coordination
 - Provides advice to PM
 - Provides information needed for Planning
 - Process
 - Constraints
 - Input Requirements
 - Resource Requirements
- The role of Distributed Team Leaders on PM Committee
 - Communications conduit to the Distributed Teams
 - Dissemination of decisions from the PM
 - Collection and consolidation of status
 - Role in the Distributed Teams
 - (Third level of management)
 - Provides leadership
 - Deals with problems
 - Accountable to the PM for Distributed Team's delivery

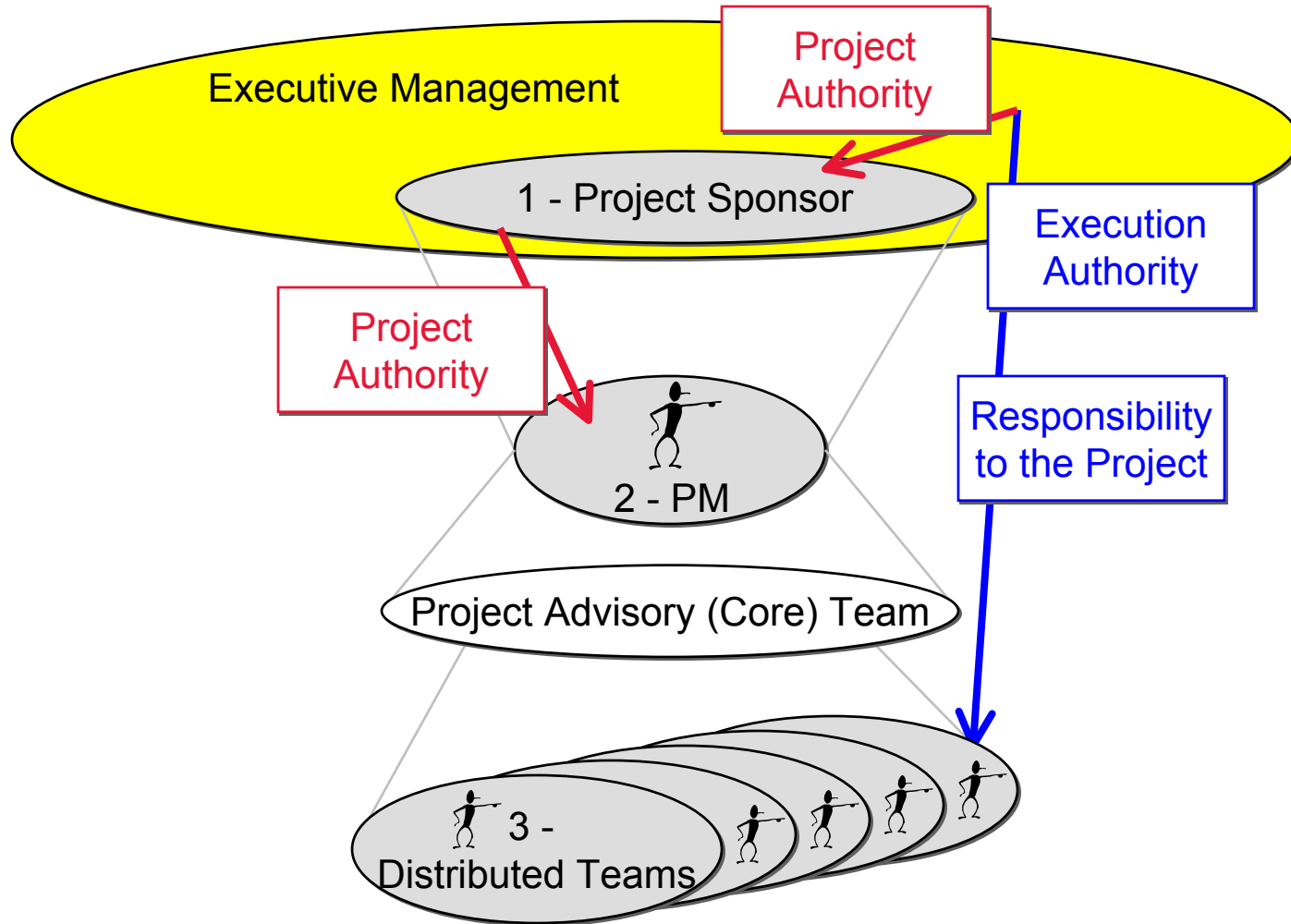
Core Team for Overlord - January 1944



Flirting With Separation of Authority



An Improvement: Three Management Layers



Solution #5 For Managing - Leadership Style

- If you are the PM
 - Lead: Make it happen
 - Keep everyone focused on the project objectives
 - Communicate, communicate, communicate
 - Don't rely on authority
 - Draw on your management team
 - Trust the Team Leaders
 - Coordinate planning and execution
 - Maintain the records
- If you are a distributed team leader
 - Support and trust the project manager
 - Lead your team
 - Keep in touch with your team
 - Constraints
 - Results
 - Costs
 - Be honest in your priorities
 - Communicate, communicate, communicate

Does it Really Work?



- “Lead me, follow me, or get out of my way”
 - General George S. Patton, Jr.

 - "Patton was your best"
 - German Field Marshal Gerd von Rundstedt
- [Axelrod, Alan: Patton. Palgrave Macmillan, 2006]

Patton too Scary? How about his Boss?

- Ike started with no power
 - Lt. Colonel in 1939
- “Eisenhower's personal leadership qualities were crucial in fusing an enormous fighting force made up of disparate armies and egocentric leaders.”
 - [Ambrose, Stephen E., Eisenhower, the President (1984)]
- Promoted six levels by 1943
 - 5-Star General
 - Supreme Commander, Allied Expeditionary Force

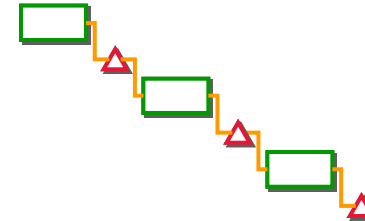
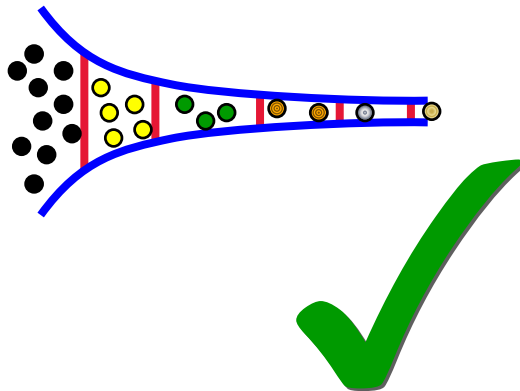


- Results?
 - We speak English (and French and Polish, etc.) now
 - ...not German

Conclusions

➤ Funnels

- Fundamentally Sound
- Should be applied more rigorously



➤ Gates

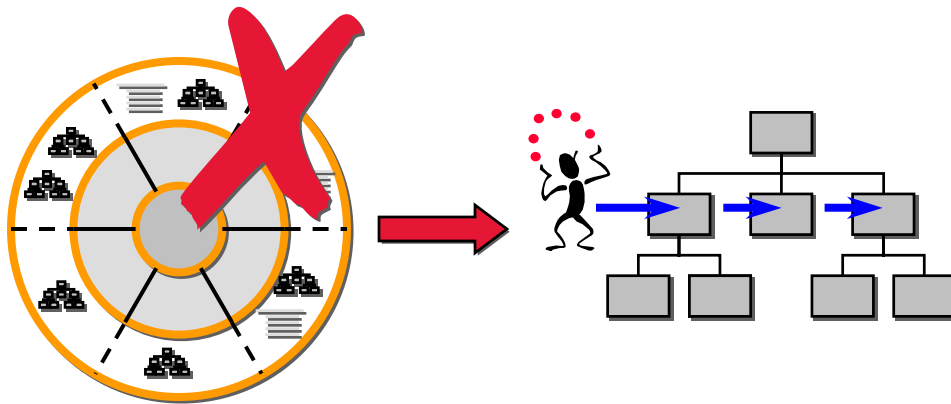
- Fundamentally Sound
- Should be applied more rigorously



Conclusions (cont'd)

➤ Donuts

- Maybe not wrong, but weak
- Core Team concept is too easy to implement badly
- Stick with traditional hierarchy



➤ Committees can

- Build Social Links
- Coordinate
- Exchange Information
- Distribute Information
- Solve Technical Problems

➤ Committees are not effective at

- Deciding
- Leading
- Motivating
- Taking Responsibility

Further Research

- New Product Development
 - Cooper, Robert G., [Winning at New Products](#).
 - McGrath, Michael E., [Setting the PACE in Product Development](#).
- Project Management
 - OGC [PRINCE2 Project Management Reference Site](#).
 - www.SOMOS.com
- Leadership in composite organizations
 - Ambrose, Stephen. E., [The Supreme Commander](#).
 - Blumenson, Martin. Patton. [The Man Behind the Legend](#).
 - <http://www.answers.com/topic/dwight-d-eisenhower>
 - [Ike: Countdown to D-Day](#). A&E Television Networks, 2004.
 - [Patton](#). 20th Century Fox, 1970.

End of Presentation

Thank you!

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