

TEI 062: Stage-Gate, Agile Stage-Gate, and Innovation Tools Used By 80% Of The Fortune 1000

Host: Chad McAllister, PhD

Guest: Mitch Kemp

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Chad: Hi, this is Chad, your host and founder of Product Innovation Educators where product managers become product masters. Get your roadmap to product mastery at my blog, theeverydayinnovator.com. Just look for the roadmap button.

One of the frequent topics I get asked about is new product development processes. Sometimes, the topic is approached from the perspective of the innovation framework, which includes our ideas or discoveries for product concepts or it's focused on developing a concept into a product. Both are addressed by the Stage-Gate system. And talking about Stage-Gate creates another set of questions, such as how flexible is it really?

To explore these topics, I invited Mitch Kemp to The Everyday Innovator. He's the managing director of Stage-Gate International for their business in the United States. Mitch is a Stage-Gate practitioner and coach, specializing in enterprise transformation, strategy, and high-value results. He has a broad industry background that includes industrial manufacturing, high-tech financial services and government working with well-recognized large companies across the globe. Now, to get the notes of the discussion and the full transcript, go to theeverydayinnovator.com/062. Now for the interview.

Mitch, thanks for joining us and talking about Stage-Gate.

Mitch: Thanks for being here, for having me here.

Chad: Absolutely. And we're doing this in the middle of the epic snowstorm on the West Coast, and we hope our internet holds on since you are in the D.C. area.

Mitch: Yeah. We have about 30 minutes to finish this up I think before the internet goes off.

Chad: Okay. And Everyday Innovators listening, this is recorded about two months in advance. So hopefully, when you're listening, it's nice and bright and sunny on the East Coast today. I want to dive right in the Stage-Gate, and this is a topic that does come up quite a bit across as many industries and range of work from startups to large global companies. Now, it's interesting how Stage-Gate gets thrown around, right? Some people believe you cannot develop products without it, and others think of it as it really the antithesis of innovation. And then of course, there's others that will be listening that haven't ever heard of Stage-Gate and where it fits in.

So why don't we just start with little history about where Stage-Gate came from, how this thing came into being?

Mitch: Stage-Gate has been around for about 30 years and it really started with the pretense that Bob Cooper, Dr. Bob Cooper and Dr. Scott Edgett. They went out and we're doing

fundamental research on what makes companies better innovators than other innovators. And basically, we did a collection of all the best practices. Eventually, that evolved into what we know commonly for this Stage-Gate process. But really, there are four key drivers that we found to drive innovation results. One is of course the Stage-Gate process.

[03:07]

That kind of hurts us sometimes because it's so much focused on the process, but we also found that having the innovation strategy is really key to driving innovation success, as well as doing innovation portfolio management. And the fourth driver was having the culture to support an innovative comment. So you have to have those four key drivers in place. So as we look at it, we call that our innovation performance framework. And the Stage-Gate process is found at the base of that, and that's what most people touch and feel so it becomes kind of famous. But making sure that you have an innovation strategy and the innovation portfolio management processes in place really will drive success for your business.

Chad: So this is part of a larger framework, actually. So it's kind of the foundation of those four element frameworks for driving innovation.

Mitch: Right.

Chad: Okay. And its roots are in the original research done by Edgett and Cooper.

Mitch: And it's been done again and again and we've done similar studies many times over the 30-year cycle, and we find similar results. We really find that if you don't have an innovation strategy, you have a great process that doesn't work. If you aren't managing your portfolio projects, you're not going to optimize your results. So you consistently find that you have to have all the pieces in place to be repeatedly good at innovation.

Now, a lot of companies will go out there and have one great idea, goes to market, they become a huge success. We see these guys come and go and they're great for a couple of years and they just fail because they don't really have a good innovation process to repeatedly do innovation. And that's where the big guys shine. They can do it every year, year over year.

Chad: So let me try out my simple description when people ask me what is Stage-Gate. I talk about that it's a phased process. It has the steps, stages that we go through to evolve an idea into a real product and finally get it to market. And I talk about that the work is done in stages as long in that path, and decision making to really manage risk is done at the gates. So why don't you refine that and tell the listeners how we should think of the Stage-Gate?

Mitch: Yes. So I would start at the other way around because really, we don't like to think of ourselves as a process. We really want to think of ourselves as getting the information together to support the business institutions and manage risk. The ultimate goal, as Bob says, is "Do the

right projects and do the projects right.” Those are the two fundamental titles. That’s all we’re looking for in the Stage-Gate. So we do the right projects and do projects right. So the information that you need to do the right projects and the information that you need to do projects right, that’s what we’re looking for you to get.

[06:04]

In that way, it’s really very simple. Anything that falls outside of that is not really what we’re looking for. So a lot of people will build in older project management methodology into the Stage-Gate process. The Stage-Gate will get a bad name because now it has 4,000 checklists and 200 things to do. But that’s not really what we’re looking for to make the business decision. We’re looking to make sure that the market research says they’re going to market there for our product. And the technical research is they’re going to say, “We can actually build this thing.”

And we have those two things. We start to manage our risk. We feel comfortable about it, and we look for little pieces along the way. So we say, “Okay, we’ll give you a little money in stage one to go out there and kind of figure it out, then you come back with this information. And then in stage two, we’ll go on and give you some more money to go out and get a little bit more information.” So they were not investing big amounts of money in the projects which aren’t going to have a market and technical success.

Chad: And the stages, like you mentioned in stage one, the stages and the number of stages, from what I’ve seen in the industry, this is all pretty flexible with I think five or somewhat in this week’s spot. But I’ve seen companies use many more for their environment, and some use like three.

Mitch: Right. Again, the focus is in risk management. So you want to have your gates line up with who you’re risking, who you’re making your investment decisions. So if you’re doing low-risk projects, you can do two statements. I think Starbucks is doing two statements now. But for making muffins, they’re going to go make a big coffee system. They might do a five-stage process because it’s higher risk.

Most companies that we work with, we actually recommend like a fast app with a two or three-stage process and then a five-stage process for a higher risk path. And then when you get in the higher regulated industries where projects can take five or six years to ten years to complete, you might have a 13 or 16-stage process. But that is usually aligned to some regulatory thing and --

Chad: Yeah, of external hurdles than to, you have to admit too.

Mitch: Yeah. But we want to go back every time we hear one of those hurdles and say, “Let’s go back and reevaluate our market because the market may have changed in three years since the

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project started.” So we want you to go back out and validate a market research because the market is still there. Is there a better technical way to achieve this solution, because the technology may have changed too?

So here in a multi-year cycle, things may change. If you’re in a drug business, it’s easy that another drug may come out with a better solution in that same timeframe. And now the market is going to be completely different and you might not want to continue to invest even if it’s great drug because another one is coming out that’s going to be better.

Chad: So you already addressed a couple of key questions I was thinking of which is, why do we use Stage-Gate? And I love to do the right projects. This is where we need to begin. This is what actually developing products people care about. So do the right projects and do the projects right. And then who uses -- I was going to ask about two. It sounds like Starbucks, Big Pharma does, and I suspect a whole range of types of companies and sizes.

[09:16]

Mitch: Yeah, 80% of the Fortune 1000 uses Stage-Gate like process. Sometimes they call it Stage-Gate or some other terms. Come call it a toll gate process. And yes, you have a broader kind of footprint other than just NPD. But it’s an investment decision process. So 80% of the Fortune 1000 have it and we see companies. I have one company that was working with this with only one staff because innovation was so important in their core business that they want to make sure they started out right. And he was going for big pharma.

Chad: Yep. That really crosses the range.

Mitch: It crosses range. And generally, by the time you’re \$100 million dollars of revenue, you pretty much need a Stage-Gate process. When you start to need that, it really kind of depends on the complexity of your business and how many products you’re trying to come up with and how competitive you are and things like that.

Chad: Yeah. Some of the basics down, could you just run through with this? It sounds like five was kind of the sweet spot for stages. Just so we have in our mind, what typical stages look like and how do we move through the system?

Mitch: Yes. So it starts out with the scoping stage. So it’s really, we want this to be a two to four-week cycle. So once the idea comes in, we say, “Should we proceed and just go home for two to four weeks and go answer some more questions? Do a little bit of market research, not too much. Spend a little bit of time fleshing out some of the technical issues to this preliminary project plan, and then come back. We’ll talk to you again in a few weeks.” So then you go out and maybe put a couple of people together and you do that kind of work. Then we start to do the business case.

So once that case is approved and we got to do the business case, the business case is much more detailed work. Well, it depends on the product. It could take anywhere from a few weeks, several weeks to several months to complete the business case cycle. And they'll start to go to build a business case. The business case would be much more complete at this point. So you're starting to think about how good is the market research? Do we have the kind of quality we need there? Do we really know that this technical solution can be built? Can we provide supply chain expertise to put in place? Do we have plants, do we have capital expenditure to go build this? So you start to invest a lot or more tough questions.

Chad: And just really get in the heart of is this the right project? Is this one that deserves further investment?

Mitch: Right, because the next stage is we're going to really go build this thing. So we got to have our developed state. That's where you start to throw a little money at it. And during that stage, you're continuing to refine your market research but you're much more involved in actually building that project.

[12:08]

And if you're doing agile, that kind of thing, you're kind of doing your iterative cycles and you're going through and start to really work with customers to build up the real products that you need, and that's kind of that next stage.

Chad: Okay. As Stage-Gate has come up talking with different companies, we have these other influences taking place, and also got miserable all sizes; things like design thinking and lean startup, and our big influences: agile project management, agile development, or big influences. As you mentioned before, there can be some perception that Stage-Gate is fixed and flexible. I know that's not really what's going on but there is this driving need for flexibility in the Stage-Gate process. So help us think through that a little bit. How come it's responding to some of these newer influences with adding agility to the processes and incorporating that into the Stage-Gate too?

Mitch: The Stage-Gate focus is about making sure that we have the right information to make a business decision. Those are all project management techniques and we want you to use the best project management technique for your technology that you're developing. A lot of products these days have multiple technologies involved. They might have some software, they might have some chips and computer orientation, and you could put together a robot. You have software, you have all sorts of hardware that goes in there and you have some computers involved there.

So you have multiple different technologies and you need to use a project management method that aligns with all those different technologies. So you might be using agile in the

software; another thing to go build the chip design, actually. So each of these technologies is going to have a different project management method, and you don't want to use one project management method for all, but at some point, they all have to come together.

And all they're asking for in Stage-Gate is, show us the plan where all these things come together. Do that plan with any kind of tools that you want to do, and make sure that you have the business cases as we can actually sell this again. Make sure that technical risk is addressed. Make sure the market risk is addressed. And the Stage-Gate we were just looking at, can we sell it and can we build it and can we deliver it to our clients? And we also have a good business model and services and things like that as well.

Chad: So for established companies that are making that shift from maybe a waterfall kind of development cycle to more agile approaches, they are still working through that, and at the same time, if likely you have had a Stage-Gate process in place and they're thinking about what it means to make that agile, what do you see companies actually doing to modify how they implement or at least how they think about the Stage-Gate to make that work for them?

[15:07]

Mitch: Yeah. What they need to do is start to understand where their big investments are going to start. So when you're doing agile, the tendency is we just go to another week, we do another, we do another week, and then we really shut it down because the team is just kind of off and running. But you need to force the team to come back, and at some point, they start to make us a significant investment.

So you got to understand what your risk tolerance is and make sure that you align the teams in their work to the risk tolerance that you have for the project and that type of project they get. So if it's four or five people and that's not a lot of people to you and they're running on a project and you think that's a good project, at some point, you need to come back and say, "Is that a business decision?" So you just want to align your gates with your risk tolerance so that they don't run too far, too fast before we come back and say, "Really? Should we do this?"

We have some testers say that we're making progress on answering the question, isn't that market going to be there? I don't know how many software implementations I've been on where the guys were out there writing software, writing software, writing software, and at the end of the day, they thought they had 10,000 users and they have 100 users. So that's a lot of wasted money that could have been spent on probably another project that we're driving with higher revenue. And when we say do the right projects, what we're trying to do is optimize the ROI across our portfolio projects that we have.

Chad: And try to identify early that indeed, we only have 10 or 100 in the market where we thought we had tens of thousands. So we don't do that project.

Mitch: Yup.

Chad: So what do you see companies actually do in that instance where they're moving to the more agile environment and adopting their decision process where they typically add in more gates or they just align into those key decision points where the risk is or they're removing gates? What does it look like?

Mitch: Well, you kind of have to look at the life cycle of the project. Part of the life cycle of projects these days for software development is in a 90-day life cycle. They brought them down that quick. So they're making any user interface. We're doing 15 other little things but they're really a team of five for 90 days. So to have too many checks in a 90-day process is kind of crazy. So you might be having just two or three gates during that time, so you have a reduced number of gates.

If you're doing it really major and you're going to have hundreds of software engineers working on a project, that project is probably going to take anywhere from a year to much longer. So you can then go back and align it to a five-stage process or something that manages the risk. But the key again is how we're going to manage our risk, and how much risk tolerance do we have before we have to make decision that this is the right kind of project to do.

[18:02]

Chad: Okay. So focus is clearly have managing risk, and with that, we mean managing the amount of spend, maybe the exposure in terms of some other risk that might occur. But as we start spending more money, we want to make sure that we're actually -- we've done the work ahead of time to justify why we're doing that and that it makes sense for the project we're on.

Mitch: Exactly.

Chad: Do you have an example to kind of talk through? Like it could be really interesting to think about an organization that has Stage-Gate that is indeed moving to become a more agile environment and how that impacted them.

Mitch: Yeah. I'm trying to think of a really good example that I can talk about.

Chad: Yeah. I know that's always a problem when I ask this question, right? It's like, "Okay, I can't give names. And if I give too many details but --"

Mitch: There are some document studies that's seen out there. You can look them up on the web from Emerson and Erikson where they did some work on this. And these were done several years ago. So this is not a new endeavor. This is something that's going on for a long time. But I think which has really radically changed, which makes it hard for a lot of the

software people to understand these days is the development cycles have come way down because of the speed, and also the simplicity of the solutions that we're building these days.

The solutions, if you can build them in 90 days, you don't need to spend a lot of hours and a lot of rigor in the Stage-Gate process. If it's going to take two years to build it, you're going to want to have more rigor. So I think the volume of activity out there right now, the people who are involved in are these 90-day projects. So you should be looking at two or three-stage project for that in a fast, simple way for them to get that done, and maybe keeper to build a solution to actually do some market research.

The other thing that kind of gets left out when people were doing this is they're not thinking about how much it's going to cost to market and launch product. They're just thinking about the development cost. So a lot of software companies forget that they have to market and launch a product, and that's where a huge amount of costs are. They're outside their normal cost of people. And this can be the bigger cost, especially in a competitive environment like iPhone apps where I think they're hitting around a million iPhone apps – I have two out their myself.

Chad: So you're also an app developer?

Mitch: Yes, I am.

Chad: Did you use Stage-Gate to get those built?

Mitch: I built these things myself without the Stage-Gate process, and that's why I haven't made any money. I'm still doing interviews.

Chad: An important example of why we should use Stage-Gate?

Mitch: A very good example about we should use Stage-Gate. I have many personal examples. Another place where I see this really common these days is a lot of government contractors are looking for new avenues for a software they built for the government.

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They're trying to take these big monolithic systems they built for the government and make them competitive in the commercial environment, and it's really difficult to downsize these things because they built some of the functional requirements into them that they're hard to do these 90-day sprints on that you can bring something in the market quickly.

Your focus is security and reliability, whereas in the market, most of the software in the internet is not about security and reliability. And if you need security and reliability, you need to design that in, and that's not always the agile environment to people on.

Chad: Yeah. We don't always get paid for that early on in a product development, or I should say in the life cycle after the product is launched, and that's usually something that gets looked at and added later. Discuss to me a little bit about what the internet of things, especially that impacts cars and the surprising lack of security in systems that you would expect you really need to be there. But hopefully, that will come in a future version soon. So on Stage-Gate processes, looking at this --

Mitch: I don't need to Google car got launched in 90 days, by the way.

Chad: It did not, but I have seen some of those security papers on some of the early systems like Microsoft Sync and others and cars. It's just surprising how easy they are to hack.

Mitch: Yeah. When you overlook that, and it's very hard to design those kinds of things back in once you develop the app. It's remarkably hard to redo that. So a lot of times, you'll end up saying, "Okay. Now we have our prototype. We have to go back and start from scratch, putting the right technology and relying to pass the right security and reliability in return because it's not just software, it's also the hardware environments, everything else."

Chad: Yup. On agile Stage-Gate, is that a reasonable way to refer to this flexible Stage-Gate, agile --?

Mitch: We talked about it. If you read back in the Cooper's books going back to like winning, we talk about spiral development. And I think that as you read the books, if you say spiral and agile are basically the same principles, then that's it. Now, when you talk to like a purist agile guy, he might say that's a little bit different. But really, again, that's a project management methodology and Stage-Gate is about business risk and business decision methodology.

Chad: And all of these things are SDLC, System Development Lifecycles. And spiral got created to specifically address risk in projects and give you a -- to recognize if risk was growing or not and how to deal with it, and improve the ability to bring the project in kind of as expected in the right duration and cost and scope and the like, which fits right into what agile is wanting to accomplish also. They are very similar for sure.

I'm curious what are the organizational kind of cultural constraints that you run into what people are thinking about modifying, what they've been using as Stage-Gate to make it lined up with what they might be doing out for a more flexible agile project management process.

[24:19]

Mitch: Yes. It's kind of funny that whenever I talk to -- Stage-Gate to a software person, they see a standard water flow model because that's what they look like. That's how we pictorially picture it. So in their minds, they're thinking, oh, this is another software development methodology as the first thing they think about. It takes actually a couple of days for me to

break through, but this is not about how we're going to build software. This is how we're going to decide whether or not we're going to build this software.

So I had to kind of repeatedly say this is not about building software. This is whether or not we're going to build the software. So we had to continuously kind of hammer that answer. It's really hard for software guys to get this concept because they've been so trained in methodologies. I know I've been developing software for a long time and I won't tell you how old I am, but it's been a long time. And I've probably gone through four iterations of earning methodologies during that timeframe. And I even taught methodologies for software development methodologies for a couple of years.

So it's hard to get your mindset around. This is not how we're building the software. This is how we're managing the business and to kind of take it out of mindset. So go out and buy a little software. Show me that it's going to look what it looks like. Make me feel good about that you can actually build it. Now, let's make business decision, what other information do I need to make a business decision so that I can sell this and we can really do the technical work that needs to happen for the following phases, because the GUI stuff, the frontend that people always work on, that's sometimes the easy pieces.

There's lots of tools out there to build that. Some hardcore database, reliability issue and things like that, they always forget about doing that until the end when things aren't working. So scalability, reliability, security. These are the last thoughts when somebody is doing an agile implementation, which means, show me what the easier experience is going to be like. But if you can make one user happy and you can't make the 10,000 happy, you're going to have some problems.

Chad: And part of that pulls back to that business decision in understanding what the target market actually is. And on the flipside is the other problem which is spending too much time and money and emphasis on architecture that really isn't needed yet because the business isn't at that scale.

Mitch: Right. Things happen.

[27:01]

Chad: Okay. Along with these culture issues, what I also expect, if you are inside organizations that's been using Stage-Gate, and say -- let's pick a number. So they had a seven-stage process that they've been using. And now they are adopting some new flavor of approaches to building a product, and this doesn't have to be a software product, it could be other things too, that's driving them to look differently at their whole process, the system that they usually get the products done. Having to kind of deconstruct and reconstruct that Stage-Gate process, do you find resistance to that? I'm just wondering what you've run into because all these systems that

could get put in place in companies, at some point, they become the way we do things. And then when we start looking at how do we modify that, there's usually some resistance around doing so.

Mitch: Yeah. We're actually kind of seeing that just not because of the agile but a lot of people put in their Stage-Gate processes 15, 20 years ago, and there's a whole new crew of people in a different technology and product that they're working with. And they're using the same solution that we built 15 or 20 years ago and they haven't really looked at their Stage-Gate system to make sure it's staying with the times. Basically, every year, you should be looking at your Stage-Gate system and saying, "Are we doing the right things here? Are we making the right business decisions? Do we have the right information? Can we get better information? What should we be doing?"

So we really look at our clients and we want them to evaluate how they're doing Stage-Gate every year and try to make a plan to make some incremental improvements. It should not be that we do these once every ten years. We should do it every year to try and find that. And if you have a lot of software developments that are short-terms and you need to find a way to better manage that risk, then you should step up and do that.

So you got 50 projects out there that are 90-day projects. Well, that's a pretty sizable chunk of money and you need to play a special management structure in place to deal with that, and it might be two or three gates, but you still need a special kind of information and a special way to communicate with those projects that you can manage them in the small projects going on all the time.

Chad: Okay. And part of that improvement cycle, and this just falls under the area of continual performance improvement, looking at the systems in their organization and how they can better be doing that on Stage-Gate. What one example be looking at gates and making the gate itself flexible or adding flexibility to the gate process? For example, if we know X, Y, Z already, the next gate, we don't even need to go through. I mean we move on through it. We don't even have a gate --

Mitch: We actually, when we talk about our gate meetings, what we do is at the end of the gate meeting when we do the discussion, we say, "Okay, you're pretty good to next steps."

[30:00]

You see we have a little bit of discussion on what you may or may not want to do for the next step. So if we know that you don't need to do the market research, we just say, "Hey, don't do the market research in the next step because we know there's market or we know there's technology. So we don't have to go in a technology stuff." You can actually identify and look if there are rules that need to happen for the next stage during the gate meeting. And that's

commonly overly recommended is that we have a view of the plan, the work plan for the next stage. We should be prepared and that the people who are at the gate meetings should be able to make recommendations on what should and should not be completed for the next stage. And then everybody agrees upon what could be next stage. So we don't want anybody to do any work because there's been a checklist somewhere. We want you to do the work because it's going to help you make a better business decision.

Chad: Okay. I think that's really important. Gate meetings is probably something I should have asked you about earlier, I don't know if I haven't lost anyone through this process who's not familiar with Stage-Gate yet. But a gate is typically a meeting, right, where you're making the decision to move forward with that project or not. And as you just said, instead of responding to a checklist, which frankly is how I think about gate meetings a lot of the time is, do we have one, two, three? Do we know this information? Think about what needs to get done for the next stage of work and are we prepared to do that or not.

Mitch: Yeah. Basically, the decision we're making is whether or not we should fund the next stage. And we want to make that decision based on that that we did at the market is there and the technology is there to go do the work, and we have confidence in our team. So we're allocating the resources, we're making sure that we can do it, and we're making a business decision.

During that business decision, we should be able to look at the work clients said "okay." We know this market. We don't need to go do a market research on this. Well, we know this technology. Don't spend so much time over there. Go over here and focus on this. So there are no fixed prices or estimation. The gate meeting itself should help improve the flexibility and the expectations which are going to show up as the next gate.

Chad: Okay. And we're moving through the system, the stages where the work is being performed, I was thinking about the product team, is getting this work done, and that's a cross-functional team with people involved as needed based on whatever the stage is and the product is. At the meetings, these are really decision makers that are making that assessment. Do we have a business here or not? It doesn't make sense to continue this project because there's a market and a need to solution. Who do you recommend is part of that sort of meeting in the companies?

Mitch: Well, the key is to have people with the spending authority and the resource authority that they can commit the resources to go do the work. And we like to see a cross-functional team which includes finance, marketing, sales, supply chain, and wherever else is critical to making sure that that project is success.

[33:06]

We got to make sure there are resources here. They aren't allocated. One thing we didn't talk about today is probably a good discussion for another day is how do you resource level and make sure you have the right resource for the projects. And you're quickly prone to many projects and the projects don't get done, as you know. So resource leveling, that's what you need at the gate meeting. People can commit and get it done.

Chad: And one of the problems I've seen companies run into is they have a fixed gate schedule in their Stage-Gate process. So let's just say once a month is the next gate meeting. So they do a monthly gate meeting. And that tends to slow the entire process of the whole project down, because if you're not ready for the gate meeting then you'd miss it by a month. And if you are ready, then you're sitting on other projects until you can get there. How do you recommend companies deal with that, because there's just a resource problem, right? It's getting that cross-functional team of decision makers together to do the gate meeting, and how do you deal with that?

Mitch: Yes. I think it's good to have a monthly gate meeting schedule and anything shows up for that gate meeting or not, any projects show up for the gate meeting or not because at least it creates a cadence within a company and kind of creates a goal for the project team to say, "Okay. We want to make the next gate meeting." So it is going to do that, but you should also have an exception process that says, "Okay. We need to have gate meetings. The team needs to get moving on this because it's critical in our business and our strategy. So we can't make till the end of the month to do it. So we want to call an emergency gate meeting." So there should be a process to do that as well.

Chad: Okay. Have you seen companies put in a flexible gate there too where they can say, "We know that we've met these criteria already that we can continue moving on the next stage and that's some kind of automatic stamp that funding to prove"?

Mitch: We don't like to see that so often because people are gaining this.

Chad: And this is a really good point because you can game almost any metric that one sets up inside the organization.

Mitch: Right. So we want to see the executive team involved to making these decisions. We want to get their insight on where they see the market is going because sometimes they have great insight on what the market is doing. And they're the ones responding to the board and the shareholders on whether or not they're making the right decisions. So you got to hold them accountable, and if they're not there and there's automatic check process and they're not being held accountable and maybe to be accountable and committed to making these projects work.

Chad: Right, to not take advantage of the system.

Mitch: Right. And if people can find a way to not do a gate meeting, they would do that. There's all sorts of ways and places we see people doing that and we want companies to be flexible and do what they think is right, the low levels, but at the same time, everybody starts getting out of control then it becomes hard to do. So sometimes they might be conditionally approved to the next gate meeting and sell at the end of the month.

[36:13]

That's the way to handle it but we'd rather see the business decision and stand up and say, "Okay. This is important to us. We'll come out and do a special gate meeting for you because it's important business project that shows a project team that you're committed and that you understand what their issues are and to have issues that they need resources or some sort of other commitments to make a project successful." This can be brought up as well.

Chad: Also, I don't want to paint the picture that the gate meetings are a negative experience because as I described that earlier, I mean it came across. And I'm sure in some organizations, people do not look forward to the gate meetings. But this really can be a collaborative opportunity to find out, because if you're talking about the senior decision makers in the company, it's a great opportunity for collaboration to occur to further improve the product and gain new insights about the market and where the company is going, right?

Mitch: Right. No. It can be great exposure for the project teams if they're invited to the gate meetings and a project management. So it's great exposure for them to show what they can do. So it can be very beneficial to your career to be seen as successful. Also, making recommendations to shut down a project. So sometimes if you're the closest people, the project team is the closest ones to the project. It's not only as a gate keeper, you just need to shut down a project. If you see it's not working or it's not a good project, you should start raising your hand. Don't shut it down though until you have that discussion with the executive team.

Chad: If there's not a business reason to continue, then we'd really want to use those resources on a more valuable project.

Mitch: Exactly.

Chad: Good. Okay. So thanks so much for sharing the information on Stage-Gate and helping us explore the agile type influences and how to make Stage-Gate more flexible for companies. I also ask for an innovation quote. I always love my guests sharing an innovation quote with listeners and why you chose that one too.

Mitch: Well, I think the Stage-Gate quote, and I've always said it today is, do the right projects and do projects right and that's really the takeaway. Don't do anything you don't need to but

do the projects right. Get the right information in front of decision makers and make the decisions.

Chad: Yup. And those are the two essential pieces. We talked a lot on this podcast and other episodes about the doing projects right. We have a pretty reasonable handle on that, right, regardless of the kind of project. We have a lot of project management discipline, but it's doing the right projects is where we often make that first mistake and we're not pursuing something that's really valuable. That's a great quote. Do we attribute this to Cooper directly or --?

Mitch: Yeah. I believe Cooper was the first one I heard say it but I don't know if it was said before that. Bob deserves a lot of credit, so let's give him some credit.

[39:06]

Chad: Absolutely, very good. Well, I appreciate you sharing that quote too. It's a good one to wrap up for our thoughts together here. Also, how can everyone listening find out more about Stage-Gate and the work that you do and what resources are available?

Mitch: Yeah. We do a quick blog. We can always find some stage-gate.com or stage-gate-usa.com. We also have a -- this was probably broadcast before after our summit that's coming up in the February. But you can reach me there or at mitch.kemp@stage-gate.com and I'll be happy to answer any questions. One other thing, we are looking for some talent staff, so anybody out there. Don't hesitate to give me a call.

Chad: That's a great offer too. Good to know. I've been on the Stage-Gate website quite a few times and there's a number of great articles available, right?

Mitch: Yes. It's a great resource. It's a really great resource, a lot of white papers out there that's been published over our 30-year history. So it's a great place to go out and learn about Stage-Gate and get some good real life examples of implementations and success ones.

Chad: It's a great resource for everyone and I will add all that to the show notes too to make it easy to find the information. So Mitch, again, I thank you for your time in helping us learn more about Stage-Gate.

Mitch: Thank you, Chad. Good to see you again.

Chad: Thank you for listening. If you have listened before, you know I sometimes ask you to show this podcast with others. I hope you'll do that. And together, we can improve the art and skill of product management and innovation. You'll find all the notes from this discussion with Mitch at theeverydayinnovator.com/062. Keep innovating.