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Leadership for product development: A business excellence approach

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Introduction

This paper discusses how research within product development can be integrated with research within quality management and business excellence to determine what creates excellence quality in the innovation process. Elements and viewpoints can be linked together in a systematic and holistic way by applying the European business excellence model to product development. The innovation process differs in several fields from other processes in the company. Therefore, the general model requires an amplification and adjustment specific to this area. The model can be supplemented with references to criterion parts and areas to address, especially relevant for a self-assessment of leadership in innovation. What should the criterion 'leadership' comprise when the focus is on research and development (R&D)? Eight relevant criterion parts based on our research are discussed.

Demonstration of involvement and commitment

An important precondition for successful product development is top management's commitment to and involvement in the process. Even the most enthusiastic and competent employees will find it difficult to carry out a product development programme if they do not get support (Conti, 1997, p. 265).

Top managers can demonstrate commitment and involvement by: allocating one of the best managers to R&D as a new product director, and making him report directly to top management; assigning the best people to the new product team; making sure that new products are prominently displayed in the annual report; signing off the game plan for new products and reviewing it regularly. Top managers committed to the R&D process will clearly communicate how important new products are to the company's future growth, and this will make all believe and have faith in it. Top managers can demonstrate commitment by: pulling all middle managers together to garner commitment to the new product process; participating in training and development activities; going regularly to the R&D department; being involved in the new product development process on a regular basis; participating in decisions that relate to allocating financial and human resources for new products (Cooper, 1993, 1998; Kuczmarski, 1993).

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Leadership styles

The new product directors' primary responsibility is to: "plan, direct and coordinate the new product process. Primary focus should concentrate on new to the world products, new to the company product lines, selected line extensions that require a technological application, and totally new business ventures or acquisitions that would take the company into new business" (Kuczmarski, 1993, p. 212). But what are the drivers for a successful new product director or manager who is to achieve business excellence in R&D? According to Kuczmarski (1993, p. 213), the mandatory skills required for a successful new product director or manager are: "Demonstrated leadership qualities; strong people-motivating skills: solid people-handling skills with experience in working effectively with various functional departments. Analytical-driven risk taker; entrepreneurial instincts and good intuition; exemplifies and encourages product champions; has visions and a positive mental mindset. Established manager with confidence and respect of peers; has personal credibility with top management—elder statesman status (business maturity and judgement); insightful understanding of, and sensitivity to, the internal culture of the division." Kuczmarski (1993, p. 213) also deals with desired skills required for the manager: "proven track record of getting things done on time while meeting objectives set; previous line-management operating experience; appreciates the analytical approach to new product development; sensitive to, and previous involvement in, the creativity process; superior selling skills—both to internal management and externalities; strong communicator—upward, downward and across; well organized, strong administrative and detail skills; good rapport with the division president and marketing and technical directors".

In a European study, Dahlgaard *et al.* (1997b) found five leadership styles which were crucial drivers of business excellence. Four of the five leadership styles have a strong relationship to the success criterion 'creativity', and they are characterized by the following key attributes (Dahlgaard *et al.*, 1997, p. 38). The captain: "commands respect and trust, leads from the front, is professionally competent, communicative, reliable and fair. The strategic leader: focuses on strategic goals, takes a holistic view of the organization, a good planner, avoids day-to-day details, process-oriented, trustworthy. The team builder: tolerant, gives feedback, acts as a coach, motivates, inspires, and is supportive. The creative leader: innovative, visionary, courageous, inspiring, strong sense of ego." A remarkable result emerged from the study. When the chief executive officers' (CEOs') and employees' expectations are compared, the most significant gap exists in the creative style. Dahlgaard *et al.* (1997b, p. 39) conclude that "European employees seek a leader who acts as a source of inspiration and motivation". The CEOs did not show much respect for the identified creativity criteria (see also Dahlgaard *et al.*, 1997a).

Assigning accountability, responsibility and roles to R&D

Another important aspect is that top managers delegate responsibility and accountability for the new product process and execution of the new product strategy to one of the best and most competent managers, and subsequently communicate this field of responsibility to everyone in the organization (Cooper, 1993).

According to Womack *et al.* (1990, pp. 116–17) the roles and responsibilities of a new product manager are completely different in Japan: a new product manager, a *shusa*, has far-reaching authority and is in a position to leave his mark on the product. The new product often gets the *shusa*'s name. It is the social and organizational skills that count for a shusa and not so much the technical skills. In Western countries the product manager is perceived as a coordinator, whose job is to encourage team members to cooperate. The new product managers have limited authority and influence, and success will often give limited goodwill, while failure will have important personal consequences (Cooper, 1998). Top managers often disregard the new product managers' recommendations and the result is an impersonal and undistinguished product where the most important attribute is price.

When top management holds an individual accountable for a goal, it must provide the necessary resources. The roles and responsibilities for each participant in the team have to be clearly expressed. This delegation of responsibility will raise the motivation level.

Interpersonal leadership

Good communication is essential for infusing quality principles and methods into R&D—it gives a clear understanding of new products, the new product strategies to be followed, which processes are necessary to reach, the goals, etc. Information exchange between top managers and employees will encourage commitment. Failed communication makes people "lose hope of ever understanding the relationship of their work to the work of others, yet they do not talk with each other" (Deming, 1993, p. 31). Good and effective communication requires frequent dialogue. A well performing teamwork demands a leader who provides an environment where open communication is the norm.

A successful product development programme needs to create a company culture that is closely linked to new product strategies (Kuczmarski, 1993, p. 193). Booz *et al.* (in Kuczmarski, 1993, p. 197) identified the following factors as having a positive influence on the product development culture: assigning the best managers; supporting entrepreneurial behavior; compensating managers consistent with long-term goals; treating the process as an investment rather than an expense.

Three different aspects of decision-making are important in relation to product development. First, when top managers have to make decisions about new product development they want to base their decisions on facts. Second, top managers should always try to ensure the widest possible participation in strategic planning for new products. Third, top managers should participate in decisions about allocating financial and human resources.

Risk taking

"It is top managers who must lead the risk taking and accept the uncertainty of profit generation from new products" (Kuczmarski, 1993, p. 14). Top managers must realize the much higher risk involved with new to the market products compared to modifications or improvements of existing products. The high-risk products often result in higher return on investment if they succeed. Relevant questions need to be answered. Do top managers demonstrate an attitude that acknowledges the inherent riskiness of developing and launching new products? Do they accept that new product failures are unavoidable? Do top managers ensure that R&D staff are not afraid of making mistakes when developing new products? Do top managers always stress the concept that success is never guaranteed and that everyone in the company must strive continually to improve and renew in every aspect of innovation to meet the challenges of new products in the future? Do top managers encourage to an entrepreneurial spirit. Is there a willingness to take risk and an eagerness to break the ground?

It is important for top managers to have incentive or compensation programmes that encourage entrepreneurship, reward risk takers and reinforce innovative thinking (Cooper, 1998). Kuczmarski (1993, p. 233) draws the conclusion that: "adequate incentives for new product managers will be a cornerstone for developing new products in the future …

companies that reward risk taking and provide high upside returns for profitable new products will most likely end up in the winner's circle".

Customer involvement, needs and requirements

To conduct R&D effectively, the company has to focus on customers: who those customers are; what they need and expect; and the need to link them with the day-to-day process of innovation. Top managers must make it clear that the basis for new products is a customer culture, which starts with customer needs and ends with customer satisfaction. Focus on the customer can take place as: "Effective communication with the customer at the start of the R&D project in order to begin with a well defined project, agreed by the customer—it leads to a better understanding and a positive impact on motivation" (EIRMA, 1993, pp. 45–6). Dialogue with customers calls for top managers to define confidential rules—misuse of confidential information will have detrimental effects on the pursuit of the dialogue and the project work.

Corporate values

Top managers who want to establish an effective and successful innovation culture must ensure that innovation is perceived as a corporate value. They should strive to make the company a 'learning organization'. Such a culture requires that everyone is listened to and that the ideas of the individual are respected.

Use a model or formal planning process

Suggestions to apply models or formal planning processes should come from top managers. They should encourage R&D staff to use a model to manage the innovation effort in the 'right' direction (e.g. the company's strengths and weakness, opportunities and threats) and understand where the necessary commitment for the innovation process should be obtained. Top managers should also encourage R&D staff to follow a formal and systematic, yet flexible and adaptive, new product development process. Top managers must nevertheless be flexible and allow the R&D staff, when it may be necessary, to skip steps in the formalized new product development process. They must be willing to bend the rules once in a while and give enough autonomy to R&D staff to build ownership for meeting new product objectives.

Conclusions

Our research has shown that the eight criteria for areas to address are considerably different from the recently (1998) recommended four criteria of the EFQM model for business excellence. Even though our research was limited to the application of the EFQM model on product development, it is our belief that the leadership part of the general model is too superficial and limited to assess the leadership performance of a company.

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