SMMT
QUALITY MANAGEMENT
DIVISION

SMMT Industry Forum

Managing risks during new product launch

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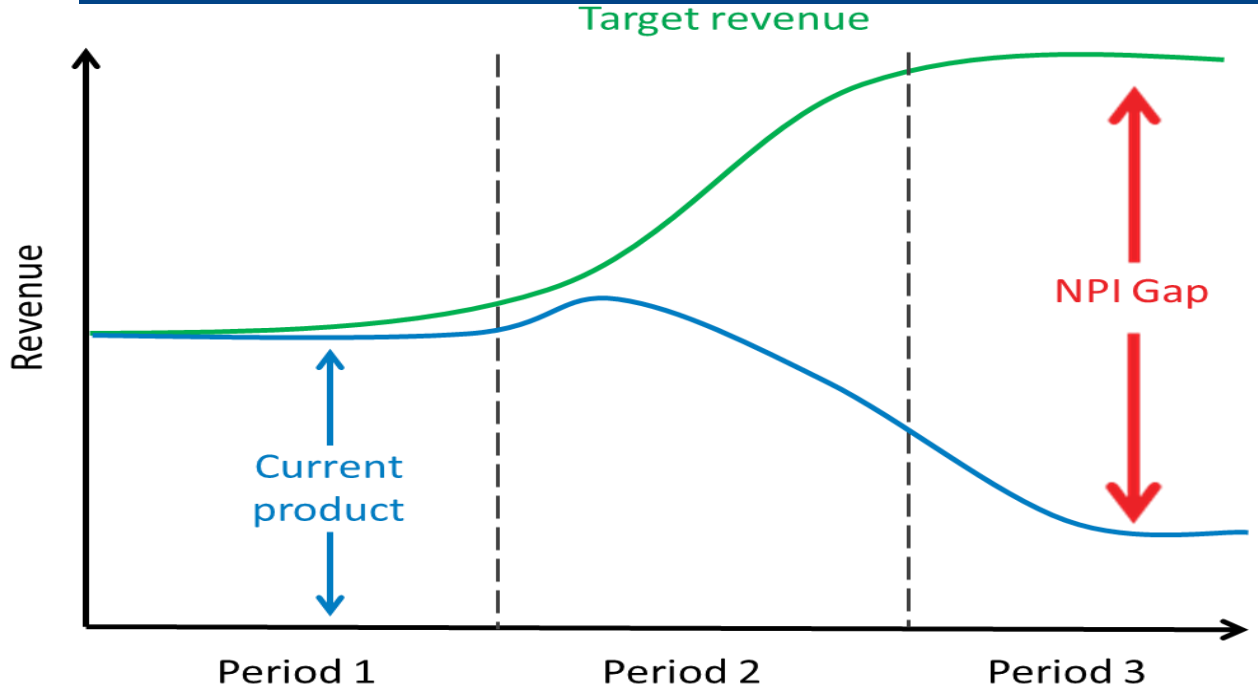
Workshop content

11:00 – 11:10	Topic introduction
11:10 – 11:20	Define teams and roles for workshop
11:20 – 11:25	Review case study
11:25 – 11:45	Task – Risk prioritisation and mitigation
11:45 – 11:50	Team 1 report out
11:50 – 11:55	Team 2 report out
11:55 – 12:00	Close

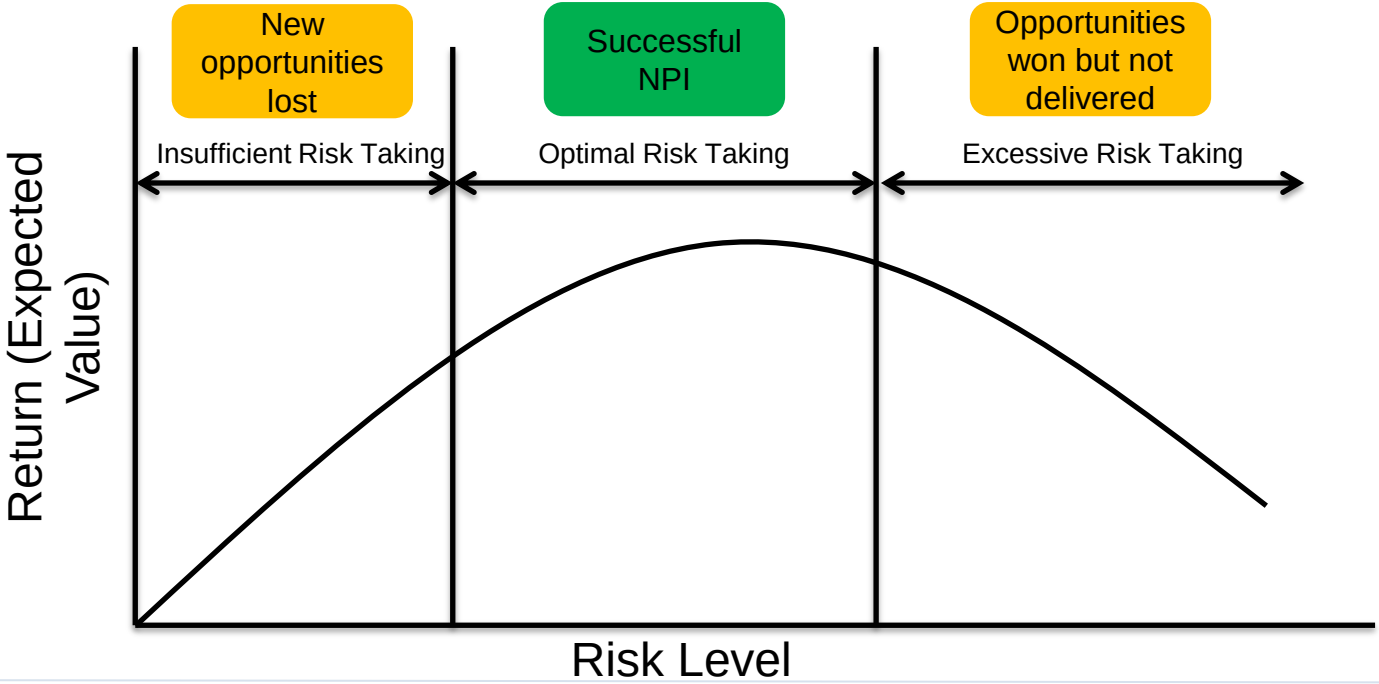
New Product Introduction is a Risk?

Why do we need new products?

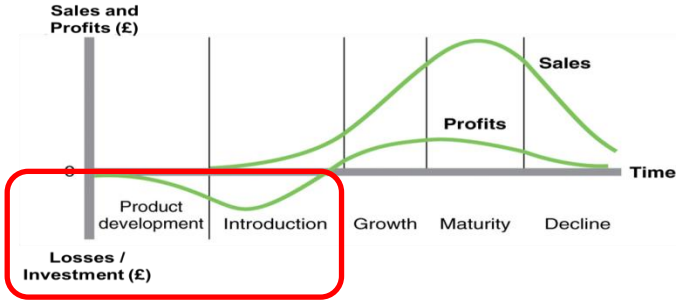


Optimal risk taking

Value is a function of risk and return

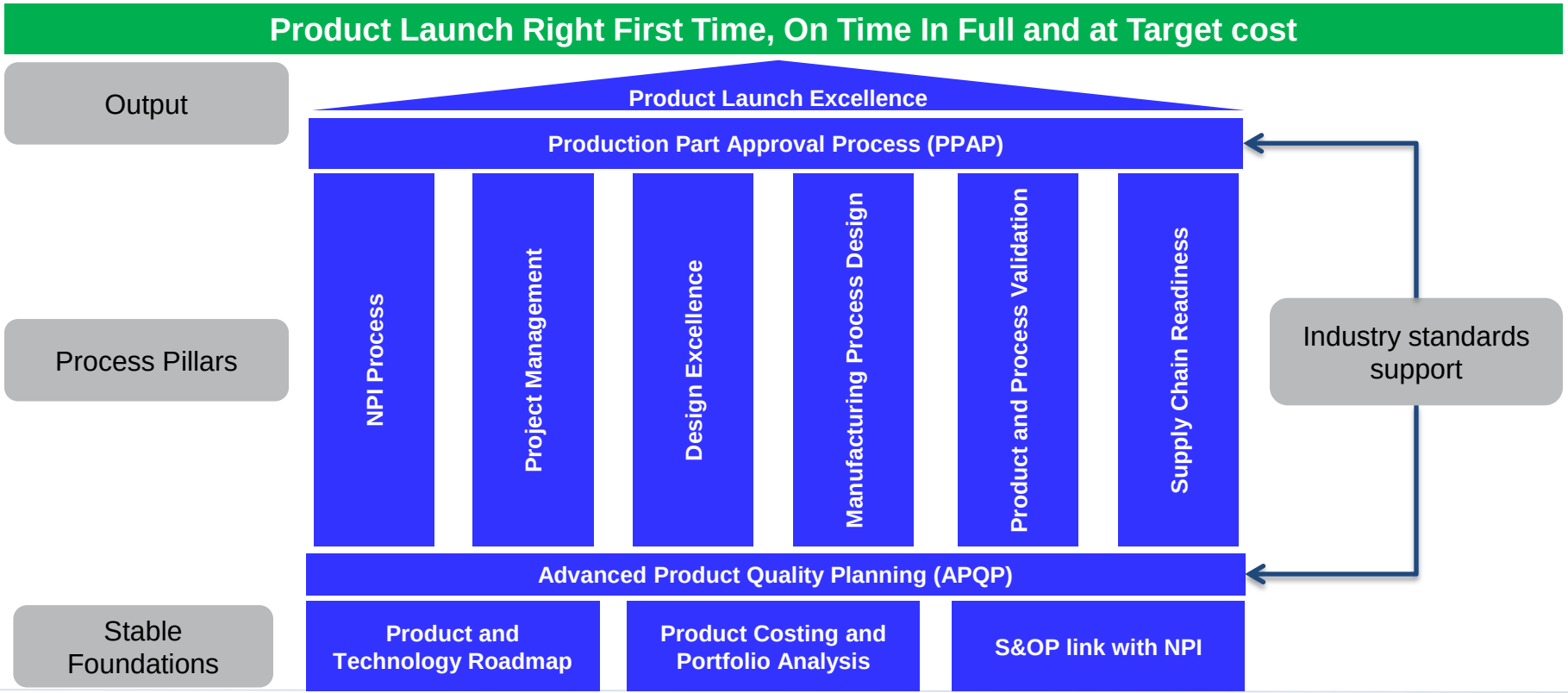


Managing risks in new product launch



Decreasing value	Increasing / Retained value
Delays in product launch	On Time product launch
Quality issues with product launch	Right first time product launch
Cost over runs in product launch	On cost product launch
Increased time to market with product launch	Efficient product launch

NPI model for risk categorisation



Risk definition structure

Threats

Cause	The situation that gives rise to the risk Example, if it rains heavily.
Event	The threat that may occur Example, the river may overflow, and finally
Effect	The result of the effect Example, the crops will be damaged.

Case study roles

Customer	Provides project objectives
Project Manager	1) Identify risk to project objectives 2) Facilitate risk prioritisation with cross functional team
Manufacturing	Identify risk related to manufacturing area. Including roles of production, production engineering, production planning, facilities and maintenance
Engineering	Identify risk related to engineering area. Including roles of design engineering, testing, quality assurance / inspection / management
Commercial	Identify risk related to commercial area. Including roles of business development, sales, contracts management, accounts management
Supply chain	Identify risk related to supply chain area. Including roles of purchasing, packaging and logistics, stores, SQA and supplier development

Workshop – case study

ABC limited is manufacturer of capital equipment machinery with an annual turnover of £40mn. They have successfully operated as a family business for over 40 years and have a good reputation in market of providing a reliable product. They have a capable workforce with a headcount of 120 people spanning throughout sales, product development and operations team. Lead times from customer order to delivery is variable and is dependant on individual skill of members in project team. The company has a healthy order book until Dec 2020. Management has asked the Engineering team to review design of existing products and deliver a cost saving of at least 20% by June 2020. Within same time span the supply chain team has been given the target to reduce material costs by 10% for existing products. Commercial team has a target to achieve annual turnover of £60mn by Jan 2021. New product introduction has taken longer than expected historically to achieve the return on investment.

Commercial team has been approached by a new customer who is interested to place an order worth £15 mn by Jan 2020. Order will cover demand over next 5 years (until 2025) subject to approval given for ongoing production. There are planned and upcoming product electrical safety regulations to be introduced in March 2020. Beyond this point all products will need to comply with new regulations. This would require a major re-design effort for existing and new products. Engineering team currently has limited knowledge to the proposed changes in electrical safety regulations

Customer milestones plan

Regulation changes

Milestones	2020											
	J	F	M	A	M	J	J	A	S	O	N	D
Order Placed												
Approval of design validation test plan by customer												
Completion of design validation with test reports available												
Witness of first product build and test												
First batch delivery to customer												
Final ongoing production approval												

Workshop task

You have been nominated as project manager for the new opportunity. Your task is to form a cross functional team and report to the management on risks and your proposed mitigation plan

1. Team members focus to identify risk within own functional role only
2. Identify risks in the team - remember structure of cause, event and effect
   - Write risks on post it note. Identify each risk with a number during team discussion

   Note: Any information required but not known at this stage should be identified as a risk
   Be specific with your risk definition. No generic comments!
3. Prioritise risks on a probability impact 2 x 2 grid
4. Categorise identified risks into any one of 6 NPI process pillars
5. Summarise mitigation plan for top 2 risks on post it notes

Time allocation:	20 minutes	Risk prioritisation and mitigation
	5 minutes	Feedback from each team
Output:	One person from each team report back on priority risks identified and proposed action plan	

Points scoring

Topic	Points scored
Risk identified (cause, event, effect)	1
At least one risk identified from each area (manufacturing, engineering, commercial, supply chain, projects)	3
Clear mitigation plan for **Top 2** risk identified (points for each mitigation action)	2
Risk identified and correctly categorised in each of 6 NPI process pillars	10
Risk identified and correctly categorised in at least 4 different NPI process pillars	5

Team with most points at the end of workshop wins!!

THANK YOU

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