



Preparing for the Perfect Product Launch

A failure of execution forced Steelcase to ramp up the critical thinking that goes into product development.

by James P. Hackett

I CARRY AROUND TWO LISTS in my head. On one are projects I think are going pretty well. On the other are projects I wish were going better or could have gone better. The latter list is distressing for, like most CEOs, I have always believed that performance is everything. We may not always execute perfectly, but since the market is so competitive and the cost of failure so high, both my training and my experience tell me, we must get as close as possible every time out.

Shortly after I became CEO of Steelcase in 1994, we launched two products. These experiences led me to deeply contemplate the difference between good and poor execution. In both cases, the technology was revolutionary, the vision was innovative, the market was ready. We had in place solid designs, goals, budgets, time lines, and what we thought were all the other necessities for proper execution. One product, the Leap office chair, was an

immediate home run. Launched after a lengthy R&D process, the chair had a patented technology that could be extended to future applications in the automotive and airline industries.

Mom would have been proud.

The other product, called Pathways, was an office cubicle system that ran into trouble from the outset. Two different R&D groups feuded over fundamental ideas. Misunderstandings arose over its design, the size of the capital investment needed to build it, and its impact on our dealer organizations. We even had a product recall involving its panel surfaces. The concept was a breakthrough, but the development process was a breakdown.

Mom would not have been proud.

We fixed Pathways, and the product line is flourishing today. Still, it troubled me that we as an organization were capable of missing as well as hitting the mark. I believed that we would either get better at what we do, as my old college football coach, Bo Schembechler, used to say, or we would get worse - we would not stay the same. And if we were going to get better, I had to lead the way. Only by dealing directly with the root of the execution problem could we achieve the kind of performance we hoped for.

Closing the Doing-Thinking Gap

If you ask most people what it means to execute well, they usually say "getting things done." Boards tell CEOs that they want us to get things done. We tell our managers to get things done, and they make sure everyone who reports to them gets more things done. Companies celebrate their "can-do" culture. Later on, after the errors show up, we all wish we had been more rigorous in scouting out the territory before we sprinted down the execution path.

I began reading widely and thinking deeply about the causes of systems fail-

ure. One area of research that caught my fancy was complexity theory. At the risk of oversimplifying the influence this very abstract stream of research had for me, complexity theory interested me because it taught me how to look for patterns in systems or groups that might not seem immediately evident. The theory also exposed an intriguing paradox: The variables that

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allow an entity to rise to a level of dominance in a certain context tend to trap it later, preventing it from competing successfully in a future context.

What, I asked myself, were the patterns and attributes I was missing, the ones embedded in my good and bad lists? It seemed to me that we, as a company, had unwittingly fallen into a common trap. We expected things to go well simply because they usually did. We were not alert enough to the things that could now go wrong with our original approach or to what would be required for us to continue to dominate in the future. Because our innovation process worked 90% of the time, we were not prepared for the 10% of the time when it could falter.

In pondering these things, I understood that the real moment of failure occurred long before the first R&D teams ever set to work, when the idea of the new project was first formed. Simply put, we made the same mistake that most organizations make when they undertake an ambitious project - having come up with a fine notion, we put all our energy into execution before we had thought the idea through. When people told me that the one thing they could use more of was time, what they were really saying was that they needed more time to think.

What's more, by moving into execution too early, we had set ourselves up

for one of the classic cognitive traps - what Harvard Business School professor Max Bazerman calls "bounded awareness." In the January 2006 HBR article "Decisions Without Blinders," he explains that cognitive blinders "prevent a person from seeing, seeking, using, or sharing highly relevant, easily accessible, and readily perceivable information during the decision-making

process." In rushing into a business plan before all the facts were in, we had created hypotheses and started seeking to confirm them, rather than first discovering what the correct idea should be.

I started to sense that we needed to inject a new, deeper discipline into our development work at its very first stage. I now knew what I wanted to attack. We would have to change from a merely "doing" culture to a "think-before-doing" culture. Here's what we did.

Thinking About Health Care

In business development, people start with a business plan framework, which seems sensible enough. But in reality it tends to narrow their thinking at the outset, setting in place those cognitive blinders. I decided to develop a methodology that could be used to get around that problem by teaching Steelcase managers to combine execution with deep thinking.

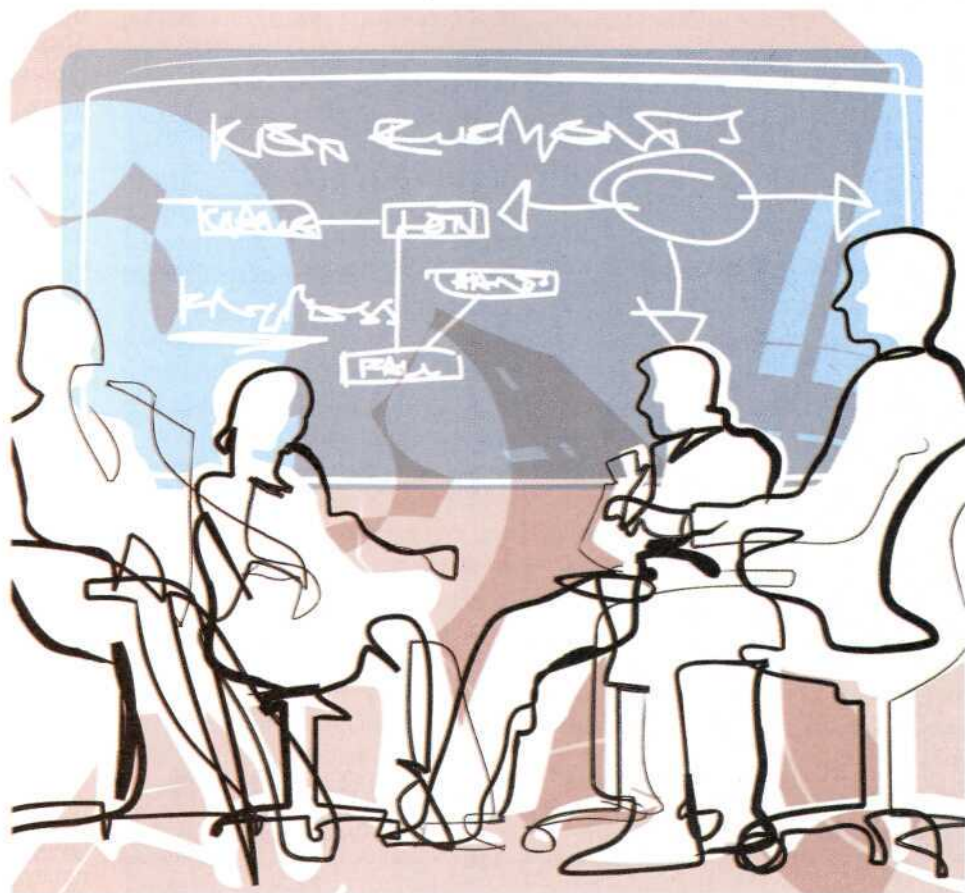
Critical thinking, Steelcase style, has four phases. In the first phase of a project or product development, long before we ever set about getting the right answer, we think deeply about the problem or opportunity we're after. In the second phase, we develop a point of view - a specific approach to the problem. In the third phase, we work out the launch strategy, and in the final phase, we implement the strategy.

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The process is a systematic way to direct team-brainstorming efforts. It makes sure our teams cast a wide net to thoroughly research a topic, that they make the right connections, and that they synthesize each individual's thinking into a coherent whole. Along the way, teams discover patterns that might not otherwise have been apparent, and they emerge with a clear direction for execution.

In the all-important think phase, team members first consider a specific company project or problem individually. They read as much as possible about the topic so that they become educated about its essence. Then they must make sure they ask the right questions about the matter. A great deal of time is spent on this; as Tim Brown, CEO of our subsidiary firm Ideo is wont to say, "Most innovation comes from being able to ask the right questions." Team members also talk to experts, leveraging a vast network of connections to speak with the smartest people in the world about the related issues. Throughout, they document the depth and breadth of their research to assemble information into a sensible whole. Documentation is critical; the kinesthetic work cements their thinking and creates tangible evidence of their efforts, which is important to people proud of their ability to get things done.

Consider the example of one small, diverse team, consisting of individuals from general management, marketing, research, and finance, working under the auspices of a mentor and a sponsor from senior management. In November 2004, this team began exploring how the company could expand beyond the doctor's office into patient examination rooms. (Although Steelcase sup-



plies desks, chairs, and other materials for doctors' offices, we had never been a player in the clinical side of the health care industry.) Team members immersed themselves in such basic questions as: What are the current and long-term trends in clinical practice? Who makes and influences buying decisions in the health care industry? What would the competition be if we moved into this new market?

We could have followed common practice by hiring an outside industry expert to aid us in answering such questions. But an outsider would not have helped us generate the kind of insights we required. We needed to find our own patterns and develop a very deep internal understanding so we could form a cohesive, uniquely Steelcase, point of view. Only by immersing ourselves in all the available knowledge about health care settings could we begin to see subtle patterns that could help the company develop a breakthrough product.

Relieved from nearly all other daily responsibilities, each team member entered the think phase with the stance of a naive beginner (a concept borrowed from *The Ten Faces of Innovation* by Ideo design guru Tom Kelley). The object was not to come in as an advocate of a given position or to defend a preconceived notion based on anyone's experience or expertise. Instead, each person had to learn everything possible about the practicalities and problems of patient-site health care delivery. This required team members to do what a good investigative journalist does—read articles, books, research reports, analysts' reports, and so on, dividing research areas according to their skill sets, interests, and networks.

For example, they delved into the causes of and cures for medical errors and even looked at the impact of the way surgery lights are hung in operating rooms. They looked at staff-to-patient ratios and investigated population shifts

The Rules

The purpose of Steelcase's critical-thinking course is to teach managers how to balance doing with thinking. The course curriculum lays out general rules for each of the four phases: "think," "point of view," "plan to implement," and "implement."

■ Think

Ponder. Consider the problem, issue, or project in question deeply on your own. Compare your thoughts with those of the other team members and listen openly to their perspectives. Question and challenge one another collegially.

Query. Make sure you and your team ask the right questions about the problem. Spend as much time as you need to arrive at these.

Read and research. Divide the topic among team members, read and research as much as possible about it, then compare notes and educate one another. Look for patterns.

Network. Tap into the company's vast network of connections to talk to the smartest people in the world about the related issues. Verify patterns.

Document. Write down what you discover in a document summarizing the research, conclusions, and possible options.

■ Set the Point of View

Conduct a collegial, open-minded discussion about the options generated in the think phase. Be wary of one person gaining influence over the group's decisions. At the same time, do not aim for compromise but rather for the emergence of a single, intelligent direction.

Determine the direction. As a team, be able to state the mission simply, and define what constitutes success.

Assign an owner for the point of view. The person who holds the point of view is typically the one who has P&L responsibility for the project; in cases of disagreement, though, the group can designate that the individual be a supervisor or even the CEO.

Stay the course. Once set, the point of view can't change in the absence of new evidence. Commitment to a course must be clear; further discussion, backtracking, and second-guessing must cease.

■ Plan Implementation

Clarify, refine. With the direction set, make the mission understandable to everyone outside the team who will be involved in the project.

Consider all stakeholders in the effort and determine what part they will play in the implementation process.

Practice, practice, practice so everyone will perform perfectly at implementation.

■ Implement

Select a spokesperson so only one voice comes from the company on this initiative.

Play to win. Do not allow half measures.

Celebrate the victory. People thrive when they know they are making a difference. Give credit liberally where credit is due.

in various hospitals around the country. They learned about medical-purchasing processes and even about medicine delivery protocols. Their humble notion was to know more than anyone else who was thinking about the same issue. Walking into their project room, you felt as if you were surrounded by one of the most intense studies of health care facilities anywhere in the world.

After team members had absorbed the literature, they began networking with experts to see whether they could confirm the patterns they were beginning to see in the way medical professionals and patients interacted. The Institute for the Future, for example, concurred that the doctor-patient interaction would be enhanced by technologies Steelcase had already developed through its PolyVision division. Our studies had shown that a doctor and patient could view and discuss information together using our PolyVision digital board, which would not only display the digital information but also allow either the doctor or the patient to annotate the information and retrieve it later over the Internet.

In February 2005, with the patterns confirmed, the team felt secure in its knowledge and confident in its conclusion: We could indeed design a differentiated offering for the health care market. Now the team was ready for the next step.

The Road to Execution

As the think phase came to a close, the team was ready to embark on the three remaining phases.

Point of view. Roger Enrico, former CEO of PepsiCo, once declared that "Leadership is having a point of view." To me, a point of view is a conviction and a concrete mission. The point of view is not only more believable after a thorough think phase, but the chosen option is less controversial. The point of view also assures critical closure of debate.

In the point-of-view phase, the health care-development team held collegial

discussions about the options for approaching this new market that were generated in the think phase. They wanted to make sure everyone had thoroughly considered and understood all the possible variables involved.

Their goal in formulating a point of view was not to reach consensus; the team didn't want to dilute what it had learned. Consensus is often about finding middle ground because people want to feel good about their colleagues and maintain friendly relations. This doesn't necessarily lead to the best decision, which was what this team was after.

In the end, what they decided was this: We would move deeper into the health care market by launching a new health care brand. It would expand our current effort "on carpet" - work areas in hospitals that are like the office spaces we already serve (nurses stations, for instance) - but we would also expand "off carpet"-to entirely different areas of the hospital (patients' rooms, examining rooms, cafe lounges). Housed in a separate business unit, the brand would draw on technology and products we already had, as well as new products we would manufacture and new customizing services we would provide.

Once the team had developed the point of view, the next task was to present it to senior management. Two rules in this phase, designed to prevent second-guessing and ongoing debate, assisted the team in its work. The first rule is that a single person has to be selected to represent the point of view of the team to senior management. The individual chosen to do this was Jan Carlson, a director of North American strategy, as she was the team member who would ultimately work for the executive holding P&L responsibility for the project, Mike Love. We borrowed the other rule from the court system: Once set, the point of view cannot be changed unless significant new evidence indicates that it should shift.

Following the team's presentation, senior management concurred that Steelcase indeed had a significant op-

portunity to deliver customized work environments for the health care marketplace. In March, with that go-ahead, the team was ready to move to the last two phases.

Plan to implement. In this stage, in which the team planned the business launch, members clarified and refined the mission statement so that all the people involved could understand how it applied to them. The team then put together a business plan and a time line of deliverables.

Before launching the new health care brand, everyone who would be involved practiced the rollout. No one needs to be sold on the benefits of practice, but few organizations ever create the conditions that allow for it. By building practice into our formal process, we make sure everyone is given the time and resources they need to do it and do it thoroughly. As I like to say, even the basketball star Shaquille O'Neal starts his preseason with ball-

handling drills; if the effort is worth our collective time and we are playing to win, then we need to practice to perform. Practice, in this case, meant training everyone from the line workers who had to adapt their production protocols

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to the sales force and order management people to the board members who would be asked about the product line once it went public.

Taking the time to teach implementation is the epitome of respect in our organization. When implementation is poor, people are taken by surprise. But by making practice integral to our plan-to-implement phase, we have created a unifying, aligning experience

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to gain new perspectives

across continents

to create the next big thing

to surprise the competition, yet again

to do what's right, not what's easy



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that builds trust in the organization, and trust speeds innovation and execution.

Implement. In May 2006, the project entered the final stage, as we launched our new business and brand, which we call Nurture. In this phase, Jan Carlson retained her position as head of business development planning and product strategy. Mike Love, as president of Nurture, is responsible for assuring that Steelcase succeeds in the health care market in the traditional way by assigning resources, holding people accountable, and continually measuring progress. So far, so good: In less than a year, we've sold to a number of significant customers, including large hospitals, outpatient centers, and clinics. They tell us that we are providing the kind of clinical environment they've been wishing for, and the Nurture product line has garnered several awards. We're celebrating the success of Nurture at company gatherings and industry conventions, and all our employees enjoy the feeling that they are making a difference to medical patients.

Mom's proud.

Learning from Mistakes

The critical-thinking process - which I now teach to a different group of managers each month in an hour-long course at our corporate university - is not just for people involved in new product development. (For more on Steelcase's critical-thinking course, see the sidebar "The Rules.") It helps managers, in any kind of project in which they must work with others, reach decisions and come to an informed agreement. The course does not render us mistake proof; rather, it enables us to learn as we go and avoid making the same mistakes in the future.

When Charlie Diez, a senior sales strategist and ten-year veteran of the company, took the course, I asked him and the other "students" to e-mail me a written analysis of a problem they had actually encountered in the past. Knowing the importance of thinking a project through and developing a

point of view, what might Charlie have done differently, I asked? (Through these assignments, I learn a great deal about what is and isn't working in our business.)

Charlie remembered having found himself in the midst of trying to close a multiyear, multimillion-dollar deal. He had spent two years trying to get a complicated contract signed, but pricing became a sticking point. The contract involved a number of interested parties: our legal department, our dealer,

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the customer's legal department, and the ultimate buyer. The failure to agree on a single point of view muddled the plan, as each party sought different protections. Despite the professionalism that everyone tried to muster, the bickering led to much distrust. "What we had was your proverbial 'goat rodeo,'" Charlie wrote in his analysis. "Team members were making assumptions independently, not communicating, and leaving the process without adequately being briefed on what had transpired. There was no aligning point of view to govern the process and no one to own it."


Charlie told me he realized that the various parties had not laid all the facts out on the table (the rough equivalent of the think phase). Had such a protocol been followed, he said, it would have become clear what the point of view needed to be: the dealer's position, as it turned out. "By missing the think phase and establishment of the point of view, it was nearly impossible to gain alignment or execute effectively," he wrote.

Lest this sound like Negotiation 101, Charlie reminded me that when the stakes are high and much is invested, even the most rational human beings can wind up in a fight. He now knows

that by preventing controversy, second-guessing, recrimination, finger-pointing - what we at Steelcase call "swirl" - the think process saves time in the end.

One might ask why I don't hire a training company to teach managers to do this or send people off to a Stephen Covey-style course on the habits of effective management. The answer is simple: The lesson sticks better when the CEO teaches it. Though it takes time for me and a few other top executives to

teach our managers to go through this process, the investment is worth it. As a company, we are making fewer mistakes, and things are running much more smoothly. There is a significant cultural effect as well. In a corporation as large as ours, with thousands of employees, it can be difficult for managers to feel that they get my attention, and the course helps to address that. It also has the benefit of flattening the organization; as more managers discover the process, they become intellectually aligned with corporate headquarters. To date, some 600 Steelcase managers have taken the course, more than 100 of whom are International Steelcase Leaders.

It takes a great deal of courage and confidence for people anxious to take the world by storm to slow down, think, explore all the possible options, and be ready to pull the plug if the information points away from success. At Steelcase, people are beginning to understand the difference between getting things done and getting things done right. By bringing thinking and doing into proper balance, we feel much better prepared to meet the future. 

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