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Solving the Resource Dilemma

The complaint is the same no matter which engineering manager I speak with: "There is no way I can get all this done with the resources I have!" The reasons vary – a hiring freeze, resources tied up supporting existing products, still resolving problems with the last new product, or, simply, too many projects. The one constant is that the customer has endless requests and the company needs new products to grow. This article will briefly discuss two traditional methods of adding to your resources and then contrast them to an emerging method now being employed successfully at innovative companies.

The traditional methods to add resources are through contracting and consulting. Contracting is essentially the same as hiring, except that there is no promise of permanent employment. You provide the tools, training, supervision, desk, and take responsibility for the work output. If the contractor does it wrong, you have to find a new contractor or you pay him to do it again. With a contractor, you agree to a number of hours a week and pay him for it whether you keep him busy or not. Contracting tends to work well for longer term, full-time assignments where you can hire the talent. It can also be a great way to try someone out before you hire them permanently. In contrast, consultants provide their own tools, perform most of their work offsite, do not require close supervision, and usually take responsibility for their work. If they do it wrong, they will usually fix it on their own time. Most consulting is done on an hourly basis and you pay only for the time they are working on your project. While the consultant takes more responsibility than the contractor, the client still bears most of the risk. Conflicting motivations – such as, for example, the need to minimize scope creep, which can be a huge problem for the client but is often an acceptable outcome for the consultant as it results in more billable hours. Engaging consultants is a great way to access talented people in specialized technical areas for occasional needs. Any development group should have a set of core consultants identified for their staffs to draw upon when the need arises.

An emerging model over the last five years has been in the area of collaborative development. Collaborative development is fundamentally different from contracting and consulting in that the risk is shared

much more equally between the individuals and companies involved. Collaborative development, which is also sometimes referred to as open innovation, recognizes that not all the smart people work inside your company. Proctor & Gamble, a consumer products company, studied sources of innovation in their company and came to the conclusion that for every P&G researcher, there were 200 equally talented scientists or engineers working elsewhere in the world. [Harvard Business Review, March 2006] This suggests there are over 1.5 million people P&G could potentially draw upon for new products, manufacturing processes, and materials. In contrast to consulting and contracting, collaborative development requires a strategic approach and long-term perspective. To be effective, collaborative development should be addressed from a product or company roadmap perspective. Which areas do you want your development team to focus on and which could be done with a partner? Most companies at this point have



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identified their core competencies, so the question is what additional technologies, know how, and skill sets are needed for your product line to be successful. This usually provides a starting point in looking for partners.

Speed dating doesn't work

Finding a suitable collaborative development partner is challenging. You need to find a company that has both a technical and business match to your needs. While you may start the search with a set of criteria, it is likely that the criteria will evolve as you better understand your potential partner's capabilities. This process should not be rushed or a poor decision will likely be made. Once a collaborative partner is located it will be essential to have senior management support and involvement to further the relationship. There are many partnership and business issues, such as intellectual property protection and supply agreements, that must be agreed upon. Without the support of senior management, these issues may derail the process.

Finally, a collaborative development relationship is like any long-term relationship in that it will take effort and attention to bear fruit. Achieving and maintaining business alignment is a continuous process. Regular discussion of the product roadmap, market conditions, and business goals is necessary. Senior management participation to keep the relationship aligned with overall company goals is also extremely important.

Collaborative development requires commitment and the willingness to adjust your perspective on traditional design resources. Properly executed, this emerging method of partnering can expand your resources and minimize development risk.