Gate Progress Review Tool Description

The document describes how to use the Gate Progress Review Tool as an aid for conducting a gate review during New Product Development (NPD). Gate reviews are used to make Go and No Go decisions concerning whether enough has been accomplished and risks have been managed well enough to continue into the next stage of NPD for a product or service.

## What is the Gate Progress Review Tool?

The Gate Progress Review Tool uses risk analysis to examine the execution, co-innovation, and adoption risks at any time in NPD. Execution risk refers to your capability and capacity to conduct NPD successfully. To the extent that it is lacking, there is execution risk. Co-innovation risk refers to the capability and capacity of your partners to do their part, so the overall project succeeds. To the extent that it is lacking, there is co-innovation risk. Adoption risk refers to the likelihood that customers and end-users will buy and deploy the product emerging from NPD and that you can successfully introduce it to the market. To the extent that it is not the case, there is adoption risk. The Gate Progress Review Tool provides a method for systematic risk analysis conducted as part of a gate review at the end of a stage in an NPD project and before making the determination to proceed with the next stage. It quantifies, on an ordinal scale, your perception of the current level of these three risks and the risk reduction that can reasonably be expected during the next stage.

The Gate Progress Review begins by referring back to the NPD Project Charter and the Action Plan you generated for your NPD project. While these may get refined and made more detailed as NPD moves through the various stages, they are always the benchmarks that should be used to define whether progress is being made or not.

Progress is determined through a series of yes or no questions. Was this task accomplished: yes or no? Was it completed in time: yes or no? Was the work done with the budget allotted: yes or no? Has the Project Charter or Action Plan been refined during the stage: yes or no? Is the refinement an improvement: yes or no? Is further refinement or rewriting of the Project Charter or Action Plan needed now: yes or no?

Assessing the risks associated with making progress is a matter of probabilities, not certainties, of likelihoods rather than facts. The Gate Progress Review Tool is a heuristic aid for evaluating the total execution, co-innovation, and adoption risk probabilities at each gate.

Beginning with the entry into the Screen stage, this tool is used at every gate to assess risk and make a decision about whether to proceed, as indicated by the overlapping green and red arrows in Figure 1 below. It is particularly important for the gates between Design and Development, between Development and Test, and between Test and Launch. Significant increases in costs occur in each of these stages, which makes minimizing the risk of failure before entering them especially important.



Figure 1: The Gate Progress Review Tool can be used at every gate, as indicated by the green and red arrows.

This Tool supports Module III “Integrating public domain knowledge into product development” in the WIPO publication *Using Inventions in the Public Domain: A Guide for Inventors and Entrepreneurs* (2020)*.* It is particularly helpful in the context of section 9 “Design,” section 10 “Development and implementation,” section 11 “Test,” and section 12 “Launch.”

## How do you enter data in the Gate Progress Review Tool?

The Gate Progress Review Tool is an adaptation of the House of Quality (HOQ) matrix-based tool. The traditional HOQ is a product-planning matrix that is used to examine how customer requirements relate directly to the ways a company can achieve those requirements. It is called a “house of quality” because the spreadsheet used looks like a multi-story house with an attic. In the present adaptation, the customer requirements are the tangible and augmented features that customers and end-users are seeking from the product or service under development. The ways these are met are through adherence to the design specifications associated with meeting each of these requirements.

To use the tool, you first need to enter data about customer requirements for the specific tangible and augmented features of the product or service. Next, you enter the design specifications that determine acceptable technical approaches to meeting those customer requirements. By evaluating the interactions or relationships between customer requirements and design specifications, you identify which execution risks, adoption risks, and co-innovation risks exist at the gate and which ones it is critical to address in the next stage.

The Gate Progress Review Tool workbook has two main tabs: the “Tangible features risk review” tab and the “Augmented features risk review” tab. The house is the same but one focuses on tangible features and the other on intangible ones. Figure 2 below shows a blank spreadsheet from the “Augmented features risk review” tab of the Tool workbook.



Figure 2: “The Augmented features risk review” tab of the Gate Progress Review Tool workbook

### *Relationship matrix: Customer requirements for features and design specifications to satisfy customer requirements*

The “second floor” of the house in the Gate Progress Review Tool, entitled “Customer requirements – tangible features” on the “Tangible features risk review” tab or “Customer requirements – augmented features” on the “Augmented features risk review” tab, is completed first. The term *requirements* refers to the quantitative or qualitative metrics which customers and end-users will use to measure satisfaction of those requirements. You will have to determine appropriate metrics that are specific to your customer segment(s) and your product or service.

On this floor, you create a relationship matrix of customer requirements for specific tangible or augmented features, and the design specifications which determine which technical approaches can be, or are being, used to meet those requirements. The specific features and requirements come from the “Design specifications” tab of the Voice of the Customer Tool workbook and the “Inputs” tab of the Competitive Advantage Tool workbook. These tools can be used to identify customer requirements for tangible or augmented features and provide metrics for measuring when and how these customer requirements are met. For example, in the Biofuels Example a customer requirement for “affordability” might mean a price below a specific amount or it might mean a price below a certain percent of annual revenue, and the appropriate metrics must be identified in order to evaluate how well the project design specifications meet the affordability requirement. Likewise, requirements for “delivery anywhere” might mean delivery anywhere in the countries in which the product will be sold, or delivery anywhere customers meeting a certain defined profile are located.

In the examples below, Figure 3 shows the “Design specifications” tab of the Voice of the Customer Tool workbook for the Biofuels Example, and Figure 4 shows the “Inputs” tab of the Competitive Advantage Tool workbook for the Biofuels Example.



Figure 3: The “Design specifications” tab of the Voice of the Customer Tool workbook for the Biofuels Example



Figure 4: The “Inputs” tab of the Competitive Advantage Tool workbook for the Biofuels Example

Start with the “Tangible features risk review” tab. Customer requirements for tangible features are entered in the “Customer requirements - tangible features” section in the second column at rows 10-15. Additional rows can be added as needed, but the purpose of the tool is to focus on the most important features so there is no need to go into excessive detail. The most important features are the ones which will be used by end-users and customers to determine if this product has a competitive advantage.

Design specifications for these tangible features are then entered in columns E to I of the spreadsheet on developed. Again, focus on entering the most important design specifications, which are the ones critical for providing the listed features and meeting customer requirements. the tab. As noted, depending on the stage, the source for these varies. The design specifications come from either the Voice of the Customer or the analysis of Competitive Advantage at the gate at the end of the Screen stage. At the end of the Design stage gate, they are found in the final product or service design (i.e. the specification sheet). As discussed in connection with the Technology Forecasting Tool, the NPD Toolkit does not provide a tool for developing a design specification document because they can vary widely depending on what product or service is being developed.

The names for design specifications/features can be reworded so long as you capture what is of concern to buyers and end-users, and what is listed on your design specification document. The name of each specific design specification is entered, but *not* the specific engineering parameters for that specification. There may be several of those and to keep the spreadsheet manageable, they are recorded on the “Notes and references” tab. Of course, more columns can be added if necessary, but be aware that adding columns will require redrawing the “attic” of the HOQ matrix in its current format. The functions of the attic are discussed later in this document.

The focus of this tool is to determine whether the design specification overall is on schedule to be attained, and whether acceptable progress will continue in the next stage. To analyze that, for each intersection cell of a customer requirement listed in the second column with each of the design specifications listed in row 9, enter an X if the design specification addresses that customer requirement. Some design specifications address multiple customer requirements. Multiple design specifications address a single customer requirement. Likewise, some customer requirements require the contribution of multiple design specifications, while other requirements can be met with a single specification. For example, the requirement for cost efficiency for the multi-step process involved in a biorefinery is addressed through multiple design specifications. In contrast, a requirement for a safety shutoff valve on an outlet pipe can probably be met by a single design specification for that valve.

Figure 5 shows an example of a completed “Tangible features risk review” tab for the gate between the Design stage and the Development stage for the Biofuels Example. The completed “Customer requirements – tangible features” section shows the relationship matrix. The customer requirements for the tangible features are: wide range of fuels (cell B10); 20 year life span (cell B11); fuel meets standards (cell B12); delivery anywhere (cell B13); low maintenance (cell B14); and cost efficient (cell B15). The design specifications for meeting some or all of these requirements are: one pass processing (cell E9); organism output (cell F9); energy efficiency (cell G9); scalability (cell H9); and affordability (cell I9). An example of the relationship(s) between a requirement and the listed design specifications is the requirement for wide range of fuels (cell B10), which is addressed by all of the listed design specifications. For comparison, the requirement that the fuel meets standards (cell B12) is addressed by only two of the design specifications, organism output (cell F12) and scalability (cell H12).



Figure 5: The “Tangible features risk review” tab of the Gate Progress Review Tool workbook for the Biofuels Example, completed for the gate between Design and Development.

### *Assessing risks associated with meeting customer requirements using design specifications – adoption and execution risks*

Completing the relationship matrix allows you to begin assessing the current level of adoption and execution risks by examining progress to date with the planned progress according to your Action Plan. The column to the right of the HOQ matrix entitled “Possible risks due to interactions that may need to be addressed” shows which type of risk is associated with which information in the HOQ matrix. In this step, you consider risks and progress in meeting customer requirements in view of the design specifications that address each requirement. You also consider your confidence that your company or organization and your partners/vendors can perform as required for NPD to succeed.

**Overall adoption risk associated with meeting customer requirements.** Begin by evaluating how well each customer requirement has been met in the stage that is ending, and how well you expect the customer requirement will be met in the next stage. You will estimate the percent to which each listed customer requirement has been completed by the combination of listed design specifications that address that requirement and enter this value in column C in the row corresponding to the customer requirement (column entitled “Percent of customer requirements met”). You will then predict the expected percent completion of each customer requirement by the end of the next stage and enter that value in column D (column entitled “Percentage to be met in next stage”) in the row corresponding to the customer requirement.

The values you enter in columns C and D provide benchmarks for assessing how close you are to having met a customer requirement listed in the matrix, given the design specifications listed in the matrix. If the value in column C indicates that not much progress has been made toward meeting a customer requirement by the end of this current stage, then there still may be significant risk associated with meeting that requirement. This lack of progress is or is not an issue depending on your Action Plan.

For most of these requirements, you would expect progress toward meeting the requirement for that feature by the end of the next stage, which would be indicated by a higher percentage in column D. This higher completion percentage indicates you are confident that you can continue to reduce adoption risk by the end of the next stage (unless it is a requirement that cannot be addressed at the next stage but rather is addressed in later stages of NPD).

The example in Figure 5 above shows the progress made toward meeting the listed customer requirements for tangible features by the end of the Design stage (column C), and the expectations for further progress by the end of the Development stage (column D) for the Biofuels Example. The requirement for a “wide range of fuels” (row 10) is considered to be only 50% met by the end of the Design stage (cell C10) and is expected to be 75% met by the end of the Development stage (cell D10). The requirement that the “fuel meets standards” (row 12) is considered only 50% met by the end of the Design stage (cell C12) and is expected to be 100% met by the end of the Development stage (cell D12).

**Execution risk associated with design specifications.** You will now focus on risks and potential problems associated with meeting the design specifications listed in the matrix. Design specifications are technical approaches to meeting customer requirements, and these technical approaches must be complete and work reliably.

Look at rows 7 and 8 above the design specifications. First, review your Action Plan to estimate how much progress will be made toward meeting (completing) each design specification at the end of the next stage, and enter this as a percentage in the row entitled “Percentage to be attained in next stage”, in the column corresponding to each design specification. This value indicates whether activities in the next stage are expected to reduce execution risk for that design specification. Next, check if that is realistic given where you are at the end of the stage you are in.

Consider how much progress has been made toward attaining the desired design specification at the end of the current stage. Enter this as a percentage in the row entitled “Percentage attained through current stage”, in the column corresponding to each design specification. This value can indicate if execution risks exist because NPD is not on schedule to attaining the design specification. Where it is behind, the question becomes whether you think you can make it up in the next stage given the goal there or whether you need to hold off going through the gate and continue this stage until it is met. It also is possible that the gap is so large that you need to consider if NPD should be terminated.

A prediction of less than 100% completion by the end of the next stage is not necessarily a problem if the work is going according to the Action Plan. If not, that suggests a need for modifying the Plan to allow more time and budget for the activity, adopting a new technical approach, making a change in the parts, revising the design specification as unrealistic, etc. The reason for pointing this out is to highlight that it is a heuristic tool for focusing your risk analysis. It requires you to ponder what has happened in your NPD process for your product or service, and what you anticipate will happen in the future. It also forces you to think about whether you should continue or abandon the project.

The example in Figure 5 above shows the progress associated with each design specification at the end of the Design stage and expected progress by the end of the Development stage. The “one pass processing” specification (column E) is considered 50% complete by the end of the Design stage (current stage) and is expected to be 100% complete by the end of the Development stage (next stage). In contrast, low progress (25%) towards the specification of “affordability” (column I) has been made by the end of the current Design stage, and the expectation of 50% completion by the end of the next stage (Development stage) can indicate problems with this design specification. The specifications for “organism output” (column F) and “energy efficiency” (column G) are likewise not expected to be complete at the end of the Development stage.

On the next tab entitled “Augmented features risk review”, the relationship matrix and benchmarking for risk assessment is completed in the same way as the “Tangible features risk review” tab (see Figure 6 below from the Biofuels Example workbook).



Figure 6: The Augmented Features Risk Review tab of the Gate Progress Review Tool workbook for the Biofuels Example

In the tab shown in Figure 6, design specifications for “purchase price”, “delivery with training”, and “web help desk and manuals” all contribute to meeting customer requirements to be “affordable” (row 10) and provide a “quick return on investment” (row 11). These specifications can increase the cost-efficiency for the buyer and end-user. By themselves, however, they are not enough to meet these requirements, indicated by the expectation of below 100% percent satisfaction of these requirements being met at the end of the next stage (see cells D10 and D11 in Figure 6 where the percentage to be met in the next stage is expected to be 60 percent). This suggests one or more additional risk reduction means are needed. An example of such means might be low interest financing. A column could be added to this table to address financing, or financing might be substituted for a less critical specification that is currently listed. Once again, the use of this tool requires you to ponder what has happened in your NPD process to date and what you anticipate will happen in the future.

### *Assessing risks related to capabilities and capacities – co-innovation and execution risks*

The next step for using the Gate Progress Review Tool is to move to the “ground floor” of the HOQ matrix, to the section entitled “Confidence in capability and capacity to complete next stage.” This floor focus on the confidence you have that your company or organization has the capability and capacity to complete the next stage. It also focuses on whether your partners have the capability and capacity required to complete their role in the next stage. This is a forward-looking analysis that addresses both execution and co-innovation risks.

The questions you consider for this section of the HOQ matrix will highlight additional sources of execution and co-innovation risks. A lack of capacity or capability may be the source of an inability to completely meet the parameters or metrics of a design specification. This part of the spreadsheet looks at who is doing the work. The first row of the “ground floor,” row 17 in the blank worksheet, is for entering information about your company or organization, which is conducting the NPD project. The remaining rows below are for your partners (including vendors) for this NPD project. Key partners have been identified in the box with that name in the Business Model Canvas Tool (see Figure 7 below from the Business Model Canvas workbook for the Biofuels Example). Be aware that all important partners for co-innovation may not have been previously identified as a “Key partner” in the Business Model Canvas, and some of these partners who were not previously identified may be crucial for the design specifications you are evaluating here. This highlights the importance of reviewing and modifying prior tools as necessary at subsequent gates.



Figure 7: Key partners identified in the Business Model Canvas Tool workbook for the Biofuels Example

Figure 8 below shows the “Tangible features risk review” tab of the workbook for the Biofuels Example using the Gate Progress Review tool. Note that “Your entity” in row 17 has a very low confidence level (25%) where “affordability” is concerned (cell I17). This example is constructed with the assumption that this rating reflects numerous factors, but you have determined that the most important one is the uncertainty associated with the ability of the “pre-processor vendor” (row 23) to deliver the unit required at the price allotted when designing the product. You are 100% sure this vendor can satisfy the specification for “one pass processing” by delivering the required unit (cell E23) but you are uncertain whether this vendor can meet the requirement for affordability (25% confidence, cell I23). If you cannot get the pre-processor you need at a low enough cost, then your ability to make your mini-refinery affordable for your buyers is jeopardized, as indicated by the low confidence level in cell I17. The entity conducting NPD always is affected by the co-innovation risk of its partners.



Figure 8: The ground floor of the Tangible Features Risk Review tab of the Gate Progress Review Tool workbook for the Biofuels Example

Identifying risks not planned for in advance is the first step towards deciding whether to terminate the project (a No Go decision at the gate) or address them (a condition for the Go decision).

Here is an example of how to use the information on the risk review tabs based on the information in Figure 8. If the pre-processor co-innovation affordability risk discussed above is not avoided or mitigated and the level of risk remains high, then that source of risk might be a showstopper and the NPD project might be cancelled. Therefore, it is important to examine a source of risk and ask two questions: what is the effect if the risk is not reduced; and what can your entity do to mitigate or reduce (or in some cases, avoid) the risk? If a risk cannot be reduced to an acceptable level, then you probably need to explore significant changes in your NPD project design. If you decide there are options for reducing the risk, then explore those options. For example, one option would be to seek other vendors who might charge less for the equivalent part. Another option would be to explore whether building an affordable pre-processor internally is feasible. If either of those paths ended up being successful, the risk would come down and the project could continue into the Development stage. Another option would be to redesign the pre-processor. Yet another option would be to redesign the entire mini-refinery. Options may have tradeoffs: if you chose a redesign where the pre-processor could only use crop waste, this would allow you to avoid the risk associated with trying to provide a pre-processor for a wider spectrum of inputs such as brush, but you would also have to choose to not meet the highest level of customer expectations for biomass flexibility. If none of those options are feasible and the cost of the unit is still too high, then it becomes necessary to explore whether offsetting cost savings could be found with other parts of the mini-refinery.

On the other hand, Figure 8 shows that confidence in the current “vat and tanks vendor” on “affordability” is 50% (cell I21), while confidence in this vendor’s capability to support all of the other design specifications is high (cells E21, F21, G21, H21). Price is probably a key factor for the low confidence level for affordability, based on current knowledge and initial market research. One option for addressing this risk is to do more market research into the likelihood of finding a vendor willing to meet your price target. If further research indicates that vats and tanks are commodities and a vendor willing to meet the price target is likely to be found, then it is safe to assume that affordability of the vat and tanks vendor is not a serious risk. This information could be used to revise the ground floor of the HOQ matrix to show that this co-innovation risk will be small or perhaps could be avoided by locking in an acceptable price.

Lack of confidence can reflect other factors. Suppose in the Biofuels Example, the “software vendor” has made software for other industrial equipment but never for a refinery. In that case, there is a reasonably high level of confidence (90%) that the vendor can provide what is needed, but 100% confidence it is not possible until the vendor’s software has been received and tested. This level of risk is probably not a showstopper, as it can be addressed at the appropriate stage by testing the software, so long as time is built into the Action Plan to enable changes if the initial software delivery does not meet the design specifications.

### *Assessing risks and identifying problems based on interactions between design specifications*

Finally, turn to the “attic” of the HOQ matrix, where you will look at how the design specifications interact. As you can see in the HOQ attic in Figure 9 below from the workbook for the Biofuels Example, this analysis produces a visual result that helps you see specific problems that may arise from the way(s) these design specifications interact with each other. The interactions between specifications can increase or reduce execution risk, depending on whether the specifications can be met and whether meeting one specification impacts another specification.

First, consider the interaction between each **pair** of design specifications, to determine if there are any interactions that are strongly positive (possibly synergistic), positive, negative, or strongly negative. Positive means improvement on one specification improves the other specification. Negative means improvement on one worsens the other. In some cases, there is no interaction between two specifications. Select the appropriate symbol that represents the interaction between each pair of specifications, and then cut and paste the symbol in the interaction cell for these two specifications. If there is no interaction between specifications, leave the interaction cell blank.

Next, evaluate execution risk for each **individual** specification (row 6) by identifying the worst rating assigned to any of the interactions for that specification, and placing the symbol for that rating that in the execution risk triangle for that specification in row 6. This symbol highlights the worst possible interaction risk for a design specification and triggers consideration of whether risk avoidance or mitigation for the specification should be explored.

Note that in Figure 9 for the Biofuels Example, the interaction between the “one pass processing” and “affordability” is a strong negative interaction, as shown by the red square pasted in the interaction cell for these two specifications. The reason for this strong negative interaction may be because the one pass pre-processor system, as currently designed, is expensive. This result reinforces the high level of execution and co-innovation risk associated with the preprocessor due to the current preprocessor design and the vendor selected to produce it. By providing a visualization of additional sources and levels of risk that arise from interactions between design specifications at the end of a stage, the HOQ attic gives you information you can use to make strategic decisions for the NPD project.



Figure 9: The interactions between specifications as assessed in the attic of the Tangible features risk review tab of the Gate Progress Review Tool workbook for the Biofuels Example

## How do you interpret the data in the Gate Progress Review Tool and use it in your NPD process?

The purpose of the Gate Progress Review Tool is to help identify and highlight risks. First, this tool helps you organize information in a way that helps you identify specific problem areas at a specific gate in an NPD project. Second, the tool prompts you to evaluate the current and future risk level for each of these sources of risk based on information you currently have. Third, the tool provides a way to move beyond single-factor risk analysis and look at risks that arise from the multiple types of interactions between multiple aspects of the NDP process. After you have used this tool at the gate, you will have a pictorial framework for assessing the riskiness of continuing your NPD project beyond that stage. When the level of risk is deemed unacceptable, it must be addressed prior to moving through the gate and into the next stage.

The key to using the tool is to always remember you are estimating percentages based on how well milestones are met, whether you are on schedule, and if you are within budget. These estimates rely on the assumption that the customer and end-user benefits, tangible features, and intangible (augmented) features being sought have not changed.

First look at percentages you entered and see if they are where you expected them to be at the end of this stage in your NPD project. If they are, and the budget and timing are acceptable, a Go decision seems feasible and the project should proceed to the next stage of NPD. If not, then a No Go decision must be considered and what, if anything, should be done to enable the project to proceed to the next stage.

In assessing how to fix problems, look at the percentages for each design specification, for your entity and for your partners, and analyze who might be responsible for the problem and who has the best chance of fixing it. Then try to determine what the specific problem is and how to address it. If the problem can be fixed using an acceptable amount of effort and resources, then you have the option to do so and then repeat the gate review. If it is difficult to fix, then you should seriously consider whether it makes more sense to re-think your basic assumptions and either redesign or to cancel your NPD project.

Finally, look at where you hope to be by the end of the next stage. Do you have the competence, capabilities and resources to get there? If not, you may decide to make a No Go decision to halt the project and not proceed through the gate until you figure out how, and whether, to fix the problem(s) you identified using the Gate Progress Review Tool.