



Title: ROI of R&D: How to accurately measure and improve financial returns from new product development (1-Day Course)

Business Needs Addressed: Improved return on investment from research and development is a focus for all technology-based companies. Development costs and cycle times need to be reduced and gross margins of finished products must be increased. Tools and processes to measure, monitor and communicate improvements in ROI are needed.

Who Should Attend: R&D leaders that are experiencing pressures to improve productivity. Product managers, finance and marketing managers who are responsible for measuring and tracking ROI of new product development.

Description of Material: A 1-day program is conducted to cover various concepts and processes to measure ROI and to illustrate tracking and communication tools to drive measurement. Exercises and real-life examples are used to reinforce the material. Best-in-class case studies will be used where they exist. A participant's manual, examples of key metrics and useful reprint articles will be provided.

Benefits to Attendees: Various systems and tools will be provided and learned that will enable R&D teams to increase productivity and measure return on investment. What gets measured gets improved. Putting a measurement and communication framework in place will change behaviors and impact business results. Project selection metrics, In-process measurements and final outcome-based metrics will be learned.

Background of Provider: *New Productivity Group, LLC* is composed of seasoned business executives with proven skills and extensive experience in new product development, sales, marketing, business development, technology licensing, and training and development. The Principals have managed budgets and provided leadership to commercial and technical people and been accountable for meeting business goals at Fortune 500 multi-national companies and start-ups. The principals have also been charged with improving productivity of R&D groups and have personally witnessed improvements in ROI from implementing measurement protocols.

(Over)





Course Outline:

- Learning objectives
- Fundamentals of Strategic-planning/Process mapping/Measurement
- Components of Productivity
 - Time, Cost, Quality
 - Examples of productivity measurements (Benchmarking, Gap Charts)
- Tracking & measuring productivity in R&D (Financial and Non-financial)
 - Early stage qualitative subjective metrics
 - Mid and late stage quantitative objective metrics
- Portfolio management & project selection
 - Theory and classical papers
 - Contrast different approaches (Scoring vs. Financial) (DCF, NPV, Options Pricing Theory, Risk Assessment)
- Return on Investment (ROI)
 - Definition and significance
 - Other examples of indexes (New Sales Ratio, Cost Savings Ratio, Productivity Index, Timeliness Index)
- Internal Rate of Return (IRR)
 - Definition & calculation
 - Real world examples
- Behavioral effects of measurement
 - What gets measured gets improved/Measurement motivates/Watchouts
 - Real world examples (Stages of a measurement journey)
- Balanced Scorecards/Dashboards
 - Theory of balanced scorecards/Constructing strategy maps
 - Application to R&D
 - Setting up a scorecard & mapping strategy (InsightVision)
- Action Learning
 - Real world example (Project 1 suggested by client/trainee/trainer)
 - Real world example (Project 2 suggested by client/trainee/trainer)
- Linking R&D metrics to business results (Technology Value Pyramid)
 - Balanced Scorecard roll up/cascade
 - ROI and IRR link to Economic Profit, EBIT etc.
- Implementation Plans (WWWWWH)
- Post-training Reinforcement Plan
 - E-mail, Websites, Supporting papers
 - Conference calls, Personal calls
 - Additional Training