

## **Research: Go and no-go decisions in product development**

Product development processes are generally very changeable. The different stages of such processes each require decisions on whether to proceed to the next stage or call it quits. What idea is most likely to succeed, and how long will we keep going? So-called 'stage-gate' models are intended to enable more objective assessment during each stage of the product development process. Many of such models were developed, which are meanwhile widely used.

Stage-gate models are basically intended to banish subjectivity and emotion from the decision-making process. But this has turned out to be quite tricky in practice. Emotional aspects turn out to play an unsuppressable role during the innovation processes. An example is the fact that managers that have been working on a certain development process for a long time (too long), start seeing the developed product as their 'baby', often leading to the continuation of projects that have zero prospects. Management literature refers to that as escalation or commitment.

Research has shown that persisting with projects that are doomed to fail is mainly instigated by what is referred to as belief inertia distortion. This means that managers or decision-makers unnecessarily keep projects going as a result of earlier positive expectations. Negative information concerning the chances the product in question has of being a success is then ignored by the manager involved. The initial belief in the product simply outweighs the new information.

In practice, it often turns out that managers find it hard to adapt their opinion to a new situation. The essential question is basically how objectivity and rationality can be institutionalised in product development processes, enabling managers to come to better decisions. The researchers from this article suggest three solutions to prevent escalation or commitment.

Firstly, the corporate structure will have to be changed in such a way that go/no-go decisions are made by persons with little or no expectations for the project. Secondly, go/no-go rules based on objective data have to be implemented. And finally, the company has to accept that managers can have a completely personal idea of certain projects. Rules and procedures minimising the negative effects of managers' possibly diminished sense of reality will have to be institutionalised.

*Reference(s)*

Biyalogorsky, E., Boulding, W., Staelin, R. (2006), Stuck in the past: why managers persist with new product failures. *Journal of Marketing*, vol.70, nr. 2, p.108-121. \*

\*: available in the EURIB library.