

The Alliance Guideline

Prepared for



September 2004



Ifor Ffowcs-Williams



Cliff Gibson

Table of Contents

CHAPTER1: OVERVIEW	6
1. INTRODUCTION	6
2. OVERVIEW.....	6
2.1 THE “LEAP”	6
2.2 GUIDELINE ROADMAP	6
3. POSSIBLE FURTHER COMPONENTS	7
4. EVALUATION CHECKLIST	7
4.1 TO DEVELOP A PRODUCT OR SERVICE	8
4.2 TO DEVELOP A MARKET	8
4.3 TO COLLABORATE I.E. DEVELOP A NEW BUSINESS ENTITY	8
4.3.1 <i>Options</i>	9
4.4 TO MAKE THE INVESTMENT	9
5. VALUE CHAIN ANALYSIS	10
6. DECISION TREE	11
7. TOOLBOX	11
7.1 TOOLBOX NAVIGATION	12
8. APPENDIX.....	14
8.1 PRODUCT	14
8.2 MARKET DEVELOPMENT	15
CHAPTER 2: COLLABORATIVE FRAMEWORK	16
1. BACKGROUND.....	16
1.1 PURPOSE	16
1.2 OBJECTIVES	16
1.3 OPERATIONAL FUNCTIONS	16
2. OVERVIEW.....	17
3. DECISION.....	18
3.1 SPECIFY THE NEED	18
3.2 DEFINE THE PROPOSED DEVELOPMENT	18
<i>Objectives</i>	18
<i>Specifications for the development</i>	18
<i>Strategic Fit</i>	18
3.3 DECISION TO COLLABORATE.....	19
<i>Options</i>	19
4. ENGAGE PARTICIPANTS	20
4.1 IDENTIFY RESOURCES.....	20
4.2 ENGAGE COLLABORATORS.....	20
4.3 COMPLETE FORMALITIES	20
<i>Development contract</i>	20
<i>IP Agreement</i>	20

5	IDEA DEVELOPMENT	21
5.1	DEVELOPMENT MANAGEMENT PLAN	21
	<i>Communications</i>	21
5.3	METHODOLOGY	21
5.4	QUALITY MANAGEMENT	21
5.5	RISK MANAGEMENT	22
6.	STANDARDS AND TOOLS	23
6.1	COLLABORATIVE TOOLS	23
6.2	TECHNICAL STANDARDS	23
6.3	OTHER	23
	<i>Memorandum of understanding</i>	23
7.	TESTING AND COMMERCIALISATION	25
7.1	CONCEPT VALIDATION	25
7.2	MARKET TESTING	25
7.3	RESOLVE ISSUES	25
8	MAKE AVAILABLE	26
8.1	GET READY TO DELIVER	26
8.2	DISTRIBUTION FACILITIES	26
8.3	INTELLECTUAL PROPERTY PROTECTION	26
9.	MARKET AND DISTRIBUTE	27
9.1	MARKET AND DISTRIBUTE	27
9.2	E-BUSINESS	27
9.3	TRANSACTION	27
10.	SUPPORT AND MAINTAIN	28
10.1	AFTER-SALES SUPPORT	28
10.2	PRODUCT MANAGEMENT PLAN	28
10.3	PRODUCT UPGRADE OR REPLACEMENT	28
	CHAPTER 3: BUSINESS CASE TEMPLATE	29
1.	INTRODUCTIONS	29
2.	PURPOSE OF THE DOCUMENT	29
2.1	READ THIS FIRST	29
3.	WHAT IS THE DEVELOPMENT	29
3.1	DESCRIPTION THE COLLABORATIVE ALLIANCE	29
	<i>Strategic Fit</i>	29
	<i>Standards</i>	29
3.2.	OBJECTIVES OF THE DEVELOPMENT	29
3.3.	OBJECTIVES OF THE COLLABORATION	30
3.4.	OBJECTIVES OF THE PARTICIPATING ORGANISATIONS	30
4.	COMMERCIAL MODEL	31
4.1	PARTICIPANT BENEFITS	31
4.2	MARKET DESCRIPTION	31
4.3	MARKET DESCRIPTION (PURCHASERS I.E. CUSTOMERS)	31
4.4	OPPORTUNITIES	31
5.	VALUE CHAIN	32
5.	BUSINESS MODEL	32
5.1	ENTERPRISE MODEL	32
5.2	ROLES AND RESPONSIBILITIES	32
5.3	PARTICIPATION	33

<i>Project Direction</i>	33
5.2 PARTNERSHIP RELATIONSHIPS.....	33
5.3 ROUTE TO MARKET	33
5.4 SALES CHANNEL	34
5.5 PRICING	34
5.6 SALES	34
5.7 REVENUE AND CONTRIBUTION	34
<i>Costs</i>	35
5.8 INVESTMENT	35
5.9 COMPETITION	35
5.10 INTELLECTUAL PROPERTY	36
5.11 DELIVERY, SUPPORT, MAINTENANCE AND ENHANCEMENT	36
5.12 RISKS.....	36
7. THE DEVELOPMENT PROJECT.....	37
7.1 SPECIFICATIONS	37
7.2 TECHNOLOGICAL CHALLENGES / RISKS.....	37
7.3 DEVELOPMENT SCHEDULE	37
8. THE DEVELOPMENT TEAM	37
8.1 DEVELOPMENT INDIVIDUALS	38
8.2 PROGRAMME MANAGEMENT	38
9. APPENDIX.....	38
9.1 PROFIT AND LOSS PROJECTION	38
CHAPTER 4: DEVELOPMENT MANAGEMENT PLAN TEMPLATE.....	39
1. INTRODUCTION	39
1.1 READ THIS FIRST	39
1.2 AUTHORISATION.....	39
1.3 PROJECT DESCRIPTION.....	39
<i>Commercial Objectives</i>	39
1.4 SCOPE AND BOUNDARIES.....	39
1.5 DELIVERABLES.....	40
1.6 DEFINITIONS	40
2. MANAGEMENT PLAN	40
2.1 MANAGEMENT.....	40
<i>Governance</i>	41
<i>Project Management</i>	41
<i>Subject specialists</i>	41
<i>Customer Representative</i>	41
<i>Quality Representative</i>	41
<i>Project Reviews</i>	42
2.2 STATUS REPORTING	42
2.3 RISK MANAGEMENT	42
2.4 PROVISION OF FACILITIES.....	43
2.5 PARTNER SUPPLIED MATERIAL	43
2.6 SKILLS AND RESOURCES REQUIREMENT	43
<i>Capability and Capacity analysis</i>	43
2.7 CHANGE CONTROL	44
2.8 ISSUES MANAGEMENT.....	44
3. SPECIFICATIONS.....	44
3.1 FEATURES AND BENEFITS.....	44
3.2 USER REQUIREMENTS.....	44
3.3 TECHNICAL SPECIFICATIONS	44

4.	QUALITY PLAN	44
4.1	STANDARDS.....	44
4.2	TESTING	44
	<i>Concept</i>	44
	<i>Final proposition</i>	44
	<i>Off-tool samples</i>	44
4.3	ACCEPTANCE CRITERIA.....	45
5.	BUDGET	45
6.	PURCHASING PLAN	45
6.1	PURCHASING SPECIFICATION	45
6.2	SUB-CONTRACT OR PARTNER DEVELOPMENT	45
7.	DEVELOPMENT PLAN	45
7.1	METHODOLOGY	45
7.2	COORDINATION.....	46
8.	IMPLEMENTATION PLAN	46
8.3	COMMUNICATIONS	46
8.4	TRAINING.....	46
8.5	MAINTENANCE	46
9.	PROJECT SCHEDULE	46
10.	RECORDS.....	46
11.	APPENDIX	46
11.1	TEAM REVIEW MEETING AGENDA	46
11.2	STEERING COMMITTEE MEETING AGENDA	46
11.3	STATUS REPORT FORMAT	46
11.4	ISSUES REGISTER.....	46
11.6	RISK PROFILE	46
	CHAPTER 5: RISK MANAGEMENT	47
1.	CONTEXT	47
1.1	RISK ASSESSMENT	47
1.2	RISK MONITORING	47
1.3	RISK DYNAMICS	47
2.	SUPPORT PROCESS MAP	47

Chapter1: OVERVIEW

1. Introduction

A collaboration between Cluster Navigators and the Phae Group has developed an “Alliance ToolBox” to assist individual organisations consider collaboration as a means for exploiting an opportunity or reducing risk¹.

Read this first: This ToolBox is not complete as it will evolve over time. It is not intended to be prescriptive and should be read as a Guideline not as a methodology.

This Guideline presupposes the reason for establishing a *formal* Alliance exists, some examples are:

A. Business development

- A joint venture business entity established to facilitate any of the objectives below.
- A merger of all or part of participating participants.
- A collaborative bid for a major contract.

B. Product development

- Reduce cost of development.
- Harnessing resources to reduce the time to market, thereby hastening resultant revenue.
- More rapidly increase the range of customers
- Provide additional revenue by providing existing capacity or components to other participants.
- Increase customer base for either existing products or services.

C. Market development

- Collaborative export marketing campaign.
- Jointly develop an export market
- Sharing logistics and the value chain.
- Bundling product or services to address a particular market niche.

D. Organisation development

- Establish critical mass
- More effective utilisation of capacity or capability
- Creating new resources

2. Overview

The Cluster has talent, resources and processes that are greater than the sum of the individual contributions. This means that ideas for development could now be beyond the expectations of any member. To take advantage of a collaborative opportunity consideration should be given to brainstorming sessions to identify ideas and opportunities.

2.1 The “Leap”

Most organisations involved in business development understand incremental growth or improvement. A Cluster has the capability to develop or contribute to rapid development of businesses or products / services or markets.

Sound analysis typically requires some research into markets and into the attributes of existing businesses, markets or products benchmarked against “best of breed”.

A table that might guide the attribute analysis workshop is appended.

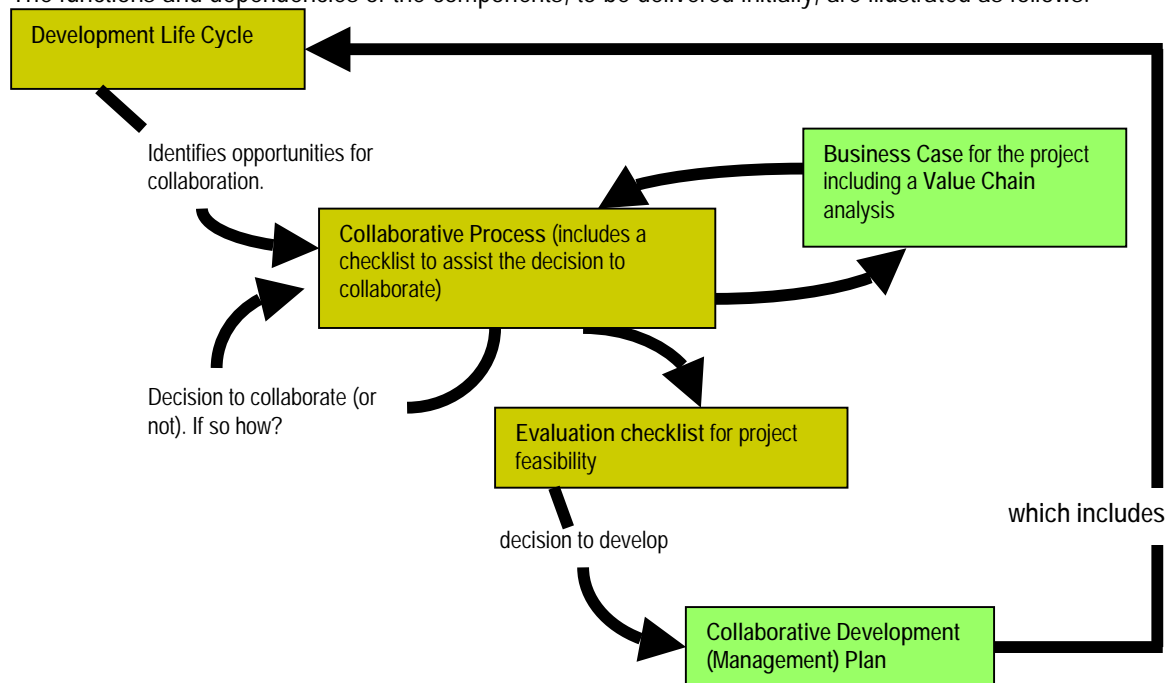
2.2 Guideline Roadmap

The Guideline initially includes:

¹ Risk: Any potential event or occurrence that could adversely affect the achievement of goals and objectives.

- A process for adopting a collaborative approach to collaborative development and commercialisation i.e. [Collaborative Framework](#).
- A collaborative [Business Case](#) template including a value chain analysis.
- An evaluation checklist.
- A collaborative [Development Plan](#).
- [Risk Management](#).

The functions and dependencies of the components, to be delivered initially, are illustrated as follows:



3. Possible further components

Possible future development of the ToolBox could include the following components:

- A legal framework e.g.:
 - Collaborative development agreement
 - Non-disclosure agreement
 - IP equity and management agreement
- A resource register
- Standards.
- A collaboration methodology (managing contributions).
- A quality assurance framework.
- A funding strategy.

4. Evaluation checklist

This purpose of this checklist is to assist the decision making about what should be done with an IDEA. The decision to pursue an IDEA could be assessed against the following:

4.1 To develop a product or service

Test the idea by asking²:

- Is there a market?
- Do you have a product / service that at least you believe is the best in your world?
- Is someone feeling pain from not having this product or service now?
- If so, do they have the money to pay?
- Do you have any control over the route to market?

Results

- 5 ticks its worth continuing.
- 4 ticks maybe.
- 3 do some more work.

Before taking the next step draft the "brochure" i.e. can you define or outline the features and benefits of the product or service to be developed?

4.2 To develop a market

Do you have enough information? Examples of some questions about the nature of the market that need to be asked:

- What is the size of the market?
- How is the market segmented?
- In which segments would you participate?
- What are the characteristics of this market segment?
 - Mature, growing, declining?
 - Crowded or undersupplied?
 - New entrants and recent exits?
- What are the barriers to new market entrants?
- Who are the competitors, what share do they have, how will your participation be differentiated from the current participants.
- What distribution methods are needed / available?
- What logistics facilities are needed / available?

4.3 To collaborate i.e. develop a new business entity

A decision to pursue this IDEA alone or to collaborate can be made at different times during the development life cycle. The reasons for considering a collaborative development project might include

- to jointly bid for work / contract;
- a funder is seeking a collaborative partner;
- the IDEA is too big, too complex, for current resources;
- the IDEA suggests a combination of technologies;
- the IDEA suggests a combination of IP;
- collaborative marketing is seen as inevitable which could be reinforced by collaborative development
- collaborative funding is seen as inevitable which could be reinforced by collaborative development

The basis for deciding to collaborate could be based on

- Reduce the cost of development.
- Reduce the risk of development or commercialisation.
- Reduce the time to market thereby hastening resultant revenue.
- Meet the urgent specific needs of identifiable markets:

² Courtesy of Allan Brown CEO Metallion Limited as are many of the checklists in this ToolBox.

- Funder seeking a development partner.
- More rapidly increase the range of customers by reducing time to market.
- Generate additional revenue by providing existing products / components to others in the collaborating group.

4.3.1 Options

Identify the options for development which might include:

- Use own resources
- Purchase resources from a source outside the cluster.
- Sell the IDEA.
- J.V. with domestic or off-shore organisations other than a cluster member.

4.4 *To make the investment*

Depending on the nature (size, complexity, security required and risk) undertake an investment analysis, i.e.:

- Discounted cash flow
- Internal Rate of Return
- Pay back i.e. the time required for the accumulated margin to equal the development, tooling and setup costs including interest.
- Opportunity cost; i.e. would there be advantages if the capital was invested elsewhere.

5. Value chain analysis³

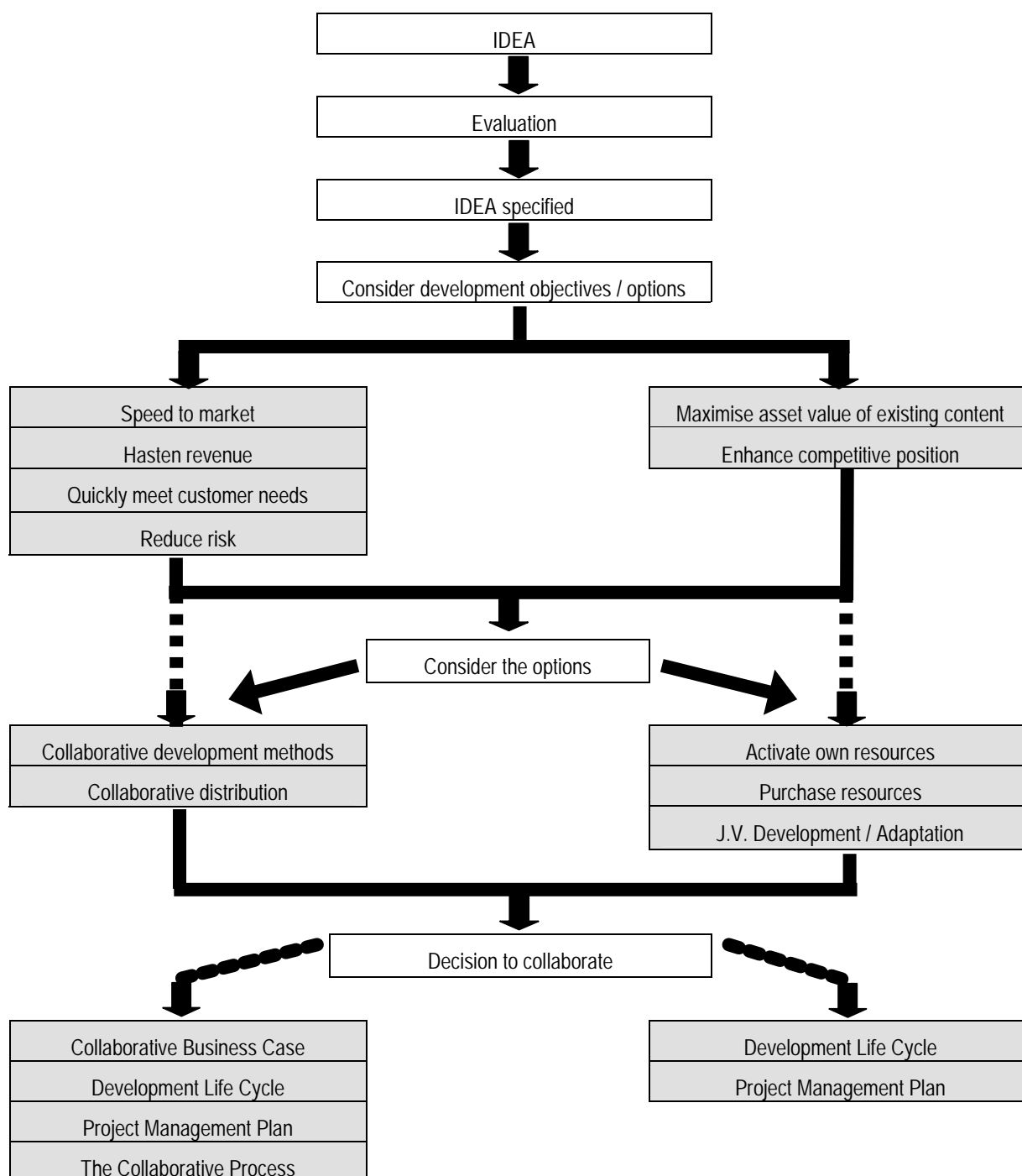
Below is a typical value chain analysis table. This table illustrates the analysis of a product value chain but it can easily be adapted to analyse market development.

The purpose of this table is to assist the reader identify all the components of the value chain and then determine the most effective added value i.e. should you undertake the activities or someone else. *Add your own details.*

Value Chain			
Innovation process	Operations		
	Factory: build the products	The Shop: provide access to the products and services	Service the customers support the product
Establish the business case for the new development. Research and Development i.e.: <ul style="list-style-type: none"> Identify customers Why develop products / services Specify product / features and benefits. Design products Identify and design production methods. Decide the standards to be applied to the developments. Address the potential commercialisation of product developed. Establish the marketing requirements. Establish the packaging and shipping requirements Establish and maintain standards.	Consider collaborative projects to produce products. Identify build or broker the resources needed. Prepare material and parts lists. Prepare costings. Prepare tools and assembly facilities. Produce parts Assemble products Quality control. Quality assurance. Apply methodologies and standards. Branding, packaging	Marketing plan <ul style="list-style-type: none"> Product collateral Product launch Advertising and promotion Exhibitions Media decisions Point of sale support Distribution methods and channels Training programs Direct sales?: <ul style="list-style-type: none"> Mail lists Email lists Export marketing and sales <ul style="list-style-type: none"> Establish agents / distributors Establish after sales support agents / facilities Administration / management <ul style="list-style-type: none"> Credit control Invoicing Sales commissions Payment of suppliers Payment of licenses and royalties 	Customer support <ul style="list-style-type: none"> After sales support Repairs warranty User help Training Upgrade service Other services Maintain customer database Product support: <ul style="list-style-type: none"> Monitor market share Monitor product performance. Plan redevelopment Plan range extension Changes in standards Technology support: <ul style="list-style-type: none"> Identify and evaluate new technology. Monitor obsolescence
Who is best places to add value – your organisation or someone else 1 to 10 (10 being best)			
Your rating	Your rating	Your rating	Your rating
<other> rating	<other> rating	<other> rating	<other> rating

³ The Value Chain analysis has been drawn from "The Balances Scorecard" Kaplan & Norton, Harvard Business School Press 1996

6. Decision Tree

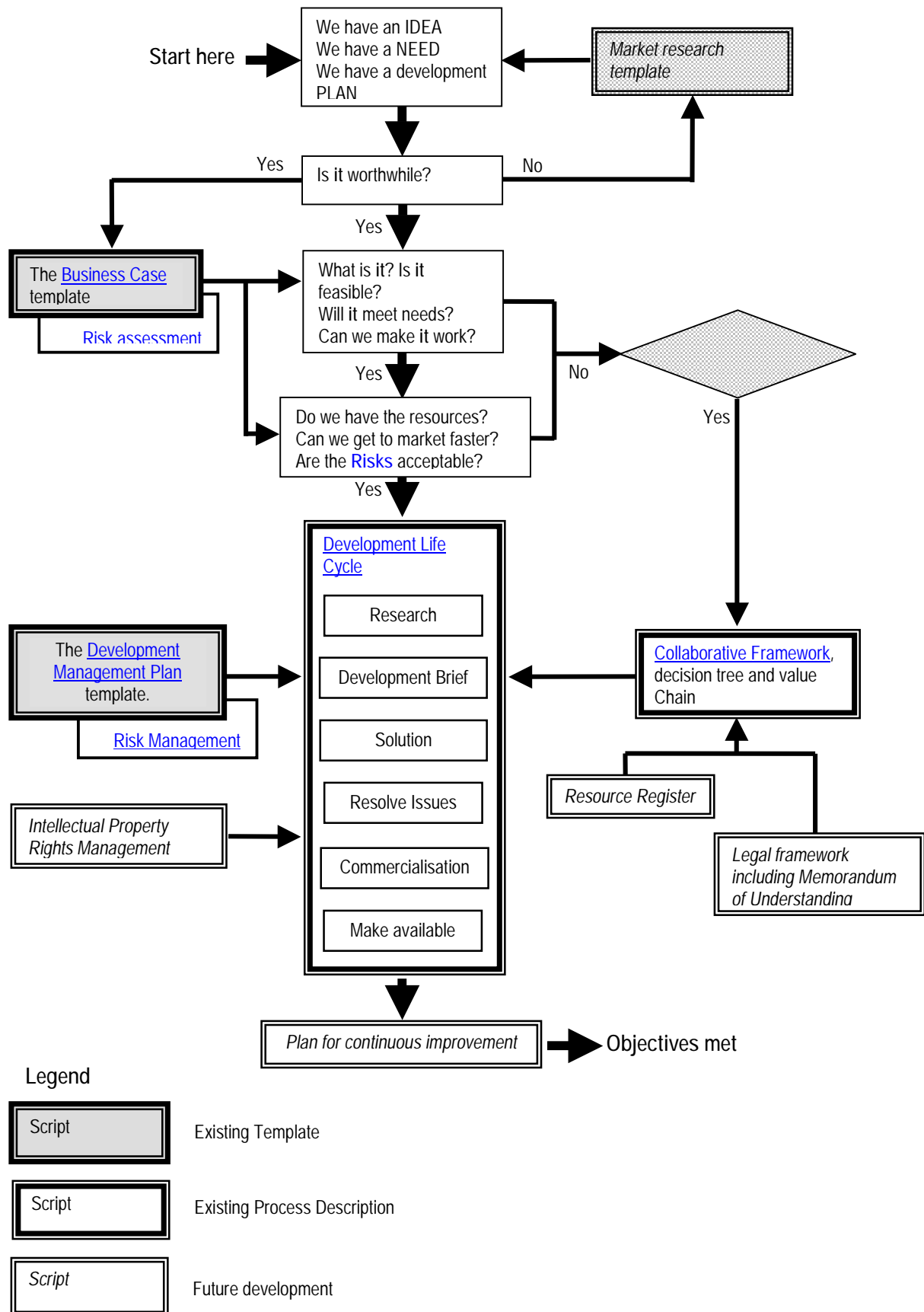


7. ToolBox

The following process diagram indicates the components of the ToolBox that could be used in establishing a collaborative development programme.

- What are you considering now?
- What do you need to do now?
- Where do you find guidance?
- Where are the decisions recorded?

7.1 ToolBox Navigation



Questions - decisions	Processes	Templates	Exemplars
Do we have an Idea to develop? Do we need an Idea for our product range? Do we need to action a product development plan?	<i>The Guideline</i> overview.	<i>Collaborative Business Case</i> Describe the project Commercial Model.	
<i>Initial Evaluation</i> Meets initial tests? Feasibility of the Idea? Strategic fit? Value change analysis. Collaborate or not?	Strategy Initial feasibility test.	<ul style="list-style-type: none"> Market Value Chain Enterprise model 	
<i>Presearch</i> Feasibility? Attributes – Worlds best? Features & Benefits written? Collaborate?	<i>Development Life Cycle</i> Evaluation. Features & Benefits. Participants.	Business Model <ul style="list-style-type: none"> Partnership details IP management Route to market Sales Competition Revenue Costs 	
<i>Market or product / service research</i> Market requirements / specifications? Competition analysed? Characteristics to meet marketing and manufacturing / delivery requirements? Scale or size Proceed or not? Collaborate or not?	<i>The Collaborative process</i> Decision basis. Value Chain Resources Legal forms IP agreements Development plan Testing Production Marketing & support.	The Project Project Team Funding / ROI. P&L	
<i>Collaborate?</i> Need defined? Product / service defined? Confirm the decision to collaborate. Resources Identified? Collaboration partners engaged? Legal formalities completed?		<i>Collaboration Decision Tree</i> <i>Risks</i> assessed, Risk Register, residual risk.	
<i>Collaboration Alliance Development Plan</i> Collaborator's commercial objectives, Management Plan, Specifications, Quality Plan, Budget, Purchasing Plan, Development Plan, Implementation Plan, Project schedule, Project records.		<i>Development (Management) Plan</i> Scope & deliverables.	
<i>Development brief</i> Product / service specifications, features, benefits and delivery specs or Market development schedule Modules or components, Production methods, Cost estimates build, Timetable date.	<i>Development Life Cycle</i> Design brief incl. <ul style="list-style-type: none"> Positioning Specs. ROI Market price Margins Unit cost Sales volume / runs size Product life Setup costs Competitor analysis 	Management Plan. <ul style="list-style-type: none"> Structure. Reporting. Facilities. Skills needed. 	
<i>Concept</i> Marketing and distribution resources. Product prototypes. Peer review findings, Other testing		Specifications <ul style="list-style-type: none"> Features& benefits. Users needs. Tech specs. 	
<i>Details identified and resolved?</i> Market testing. Supply chain established. Functional prototype, preliminary contents list Identified production / delivery facilities needed.		Quality Plan <ul style="list-style-type: none"> Standards. Testing Acceptance 	
<i>Commercialisation</i> Product, commercial and marketing issues resolved. Decision to proceed		Budget Purchasing plan Development Plan <ul style="list-style-type: none"> Methodology Coordination 	
<i>Tool up (manufacturing products)</i> Tools Jigs, Off tool samples, Sample assemblies, Tooling accepted, Product approved.	Concept and testing Tooling Establishment or facilities	Implementation <ul style="list-style-type: none"> Communications Training Maintenance 	
<i>Implement</i> Quality control sampling methods, Production plan. Product packaged with collateral and other printed material CD or whatever. Sales and distribution chain in place.	Implementation Continuous improvement.	Schedule Records	
<i>Product / Service Management Plan</i> Continuous improvement and ongoing development plan to ensure marketing and products retains a competitive edge.			

8 Appendix

As an example used in the following table may be used to assist the Attribute Analysis for a product:⁴

8.1 Product

Example: a Stadium Seating System

Attributes <i>Product characteristic include all feature that deliver benefits. Look for attributes in similar products designed for different markets.</i>	Ranking by Stakeholders / Decision makers – 1 high, 5 low				Imagineering <i>Word pictures describing what the characteristics of the product might be once this analysis is complete</i>	Worlds Best Competitors			
	Owner	User	Maintenance	Sponsor		1	2	3	4
Comfort					A high level of comfort for a variety of people (size, weight, age) for up to two hours. Children must be accommodates as well as people with disabilities.	high	med	med	Low does not suit children
Style	4	3	5	1		Dated	leader	Tired	Dated
Price (500 x installed)	1	5	2	3		\$12	\$12	\$12	\$12
Cost	2	5	2	5		\$9.2	\$9.6	\$9.0	\$9.5
Weight	1	5	2	5		2.2K	2.5K	2.3K	2.1K
Durability (choice of materials)	1	2	1	2		5years	5.5years	4.5years	5.5years
<i>And many, many more</i>									

⁴ Examples have been provided by the experience of Allan Brown of Metallion Ltd. Wellington New Zealand

8.2 Market development

Attributes <i>The characteristic of Marketing sales and distribution. Include all features that meet objectives. Look for attributes in similar products and marketing approaches utilised by other marketers in other markets.</i>	Ranking by Stakeholders / Decision makers – 1 high, 5 low				Imagineering <i>Word pictures describing what the characteristics of good practice marketing and distribution might be once this analysis is complete.</i>	Successful Marketers "Best of Breed"			
	Owner	User	Maintenance	Sponsor		1	2	3	4
Promotion and advertising									
Sales									
Distribution									
Customer relations management									
Sales support									
After sales service									
Cost as a % of revenue									
<i>And many, many more</i>									

Chapter 2: COLLABORATIVE FRAMEWORK

1. Background

The Alliance has set of tools that address

- A process for adopting a collaborative approach to product development.
- A business construct template for a collaborative venture.
- Value chain analysis.
- A Development / Collaboration evaluation checklist.

1.1 Purpose

The purpose of this process is to provide a consistent and effective process for participants to engage effectively in a collaborative enterprise or project. The purpose of the collaboration might include some of the following examples:

- to make a choice to enter into a collaborative development project;
- to jointly bid for a contract;
- to assist the choice of collaboration partners;
- to formally engage the development partners;
- to undertake a collaborative project;
- to test the resultant development;
- to manage the resultant IP.

1.2 Objectives

The objective of this document is to provide guidelines for collaborative development and a process map supported by:

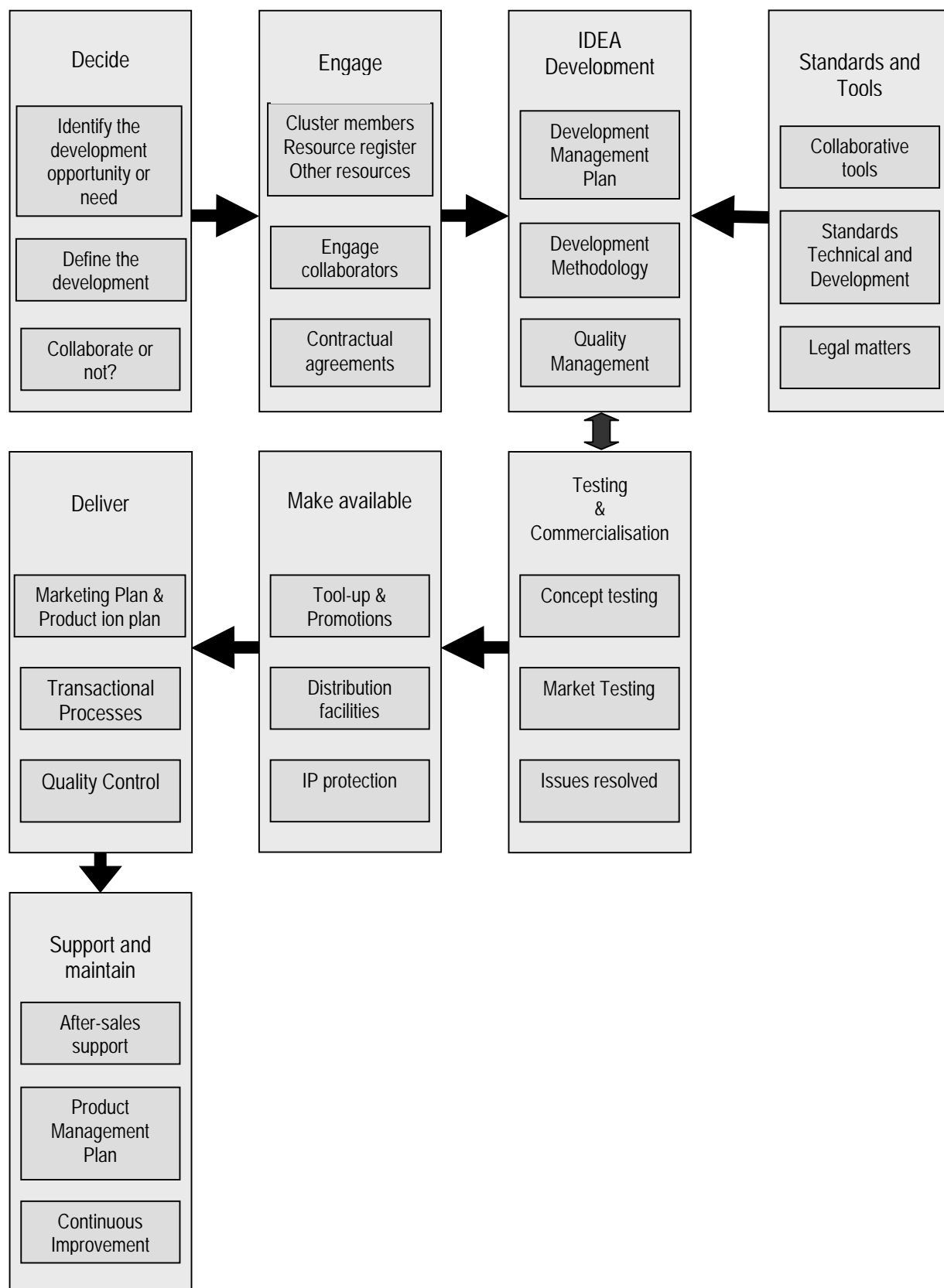
- A resource register developed by the Cluster Facilitator.
- A repository of agreed standards and templates, methodologies as a service to members (*in the longer term*).
- Provide guidelines for
 - Establishing a collaborative partnership
 - Business case development
 - Bid proposal where a funder outside of the Cluster may be seeking offers (e.g. a request for tender).

1.3 Operational Functions

In addition to the purposes described above the framework will facilitate:

- Effective utilisation of contributions from participants, including development capacity and capability as well as existing componentry and existing manufacturing and marketing capacity.
- Provide a vehicle to assemble development teams for the purposes of development and of commercialisation.
- Protecting the intellectual property generated by collaborative projects on behalf of the participants.
- Develop a broad IP Management role on behalf of members and suppliers.

2. Overview



Define who is responsible for each activity group

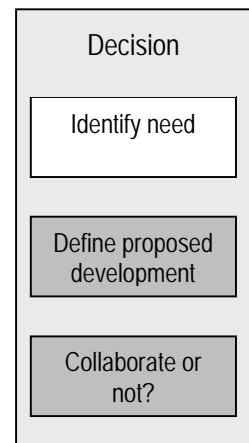
3. Decision

3.1 *Specify the need*

What is driving the need to develop or redevelop a product / service or establish a new market? Typically, these might include:

- Identified demand for the product.
- Next item of a product development programme.
- A strategic requirement.
- Competitive pressure
- A Marketing strategy
- A product development strategy
- A specific need to fill a gap in an existing product range.
- Modification or redevelopment to meet the needs of a new market.

Is there a business case for the development chapter 3 [Business Case](#)?



3.2 *Define the proposed development*

Objectives

Identify the objectives of the individual participants.

Identify the objectives of the collective participants i.e. the Alliance.

Specifications for the development

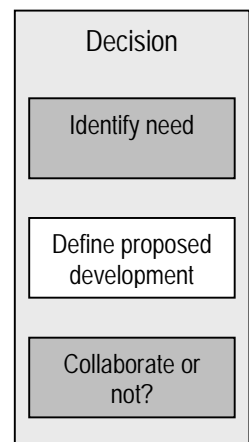
The standards to be adopted might include:

- Legislative
- Market specific
- Industry practice

Strategic Fit

What is the requirement and how does it fit into the overall market and product / service mix of the individual participants.

See also chapter 3 [Business Case](#)



3.3 Decision to Collaborate

A decision to pursue this IDEA alone or to collaborate can be made at different times during the development life cycle see [PDL.C.doc](#) . The reasons for considering a collaborative development project might include

- to jointly bid for work / contract;
- a funder is seeking a collaborative partner;
- the IDEA is too big, too complex, for current resources;
- the IDEA suggests a combination of technologies;
- the IDEA suggests a combination of IP;
- risk reduction;
- collaborative marketing is seen as inevitable which could be reinforced by collaborative development
- collaborative funding is seen as inevitable which could be reinforced by collaborative development

The basis for deciding to collaborate could be based on

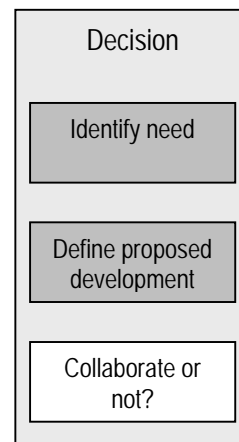
- Reduce cost of development.
- Reduce the time to market thereby hastening resultant revenue.
- Meet the urgent specific needs of identifiable markets:
- Funder seeking a development partner.
- More rapidly increase the range of customers by reducing time to market.
- Generate additional revenue by providing existing products / components to others in the collaborating group.
- Reduction in risks.

Options

Identify the options for development which might include:

- Use own resources
- Purchase content from another source, domestically or abroad.
- J.V. with domestic or off-shore organisations other than a Cluster member.
- Other.

See Chapter 1 [Overview](#)



4. Engage Participants

The Cluster Facilitator or Alliance Manager with the cooperation of the initiator of an IDEA would undertake these steps i.e.:

4.1 Identify Resources

Identify and specify the resources needed to fund and undertake the development, production, marketing and subsequent product management. Consider the experience and skills available from:

- Cluster members resource register
- Other capacity / capability data bases.

Make up potential collaborator list with triage.

4.2 Engage Collaborators

Contact potential collaborators and determine who will be development partners. Determine the development partners by considering their needs and assessing the contribution, they might be made.

A Non-disclosure Agreement will be signed at a facilitated workshop arranged to exchange ideas information and individual objectives. The critical components of the [Business Case](#) will be discussed and prepared. Where appropriate a funding proposal from sources including the both the private and the public sector plus participants financial resources will be included in the business case.

The objective of the meeting will be to provide each intending participant with enough information to make a commitment to the project. Secure a commitment from the development partners. Exchange and sign a [Memorandum of Understanding](#) .

4.3 Complete formalities

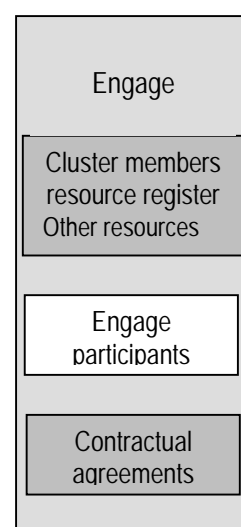
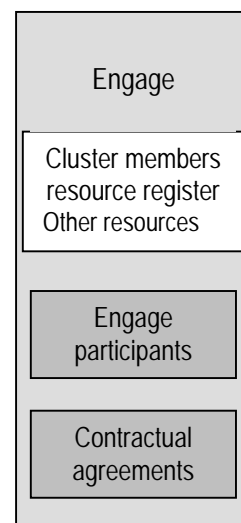
Once an agreement has been achieved, the contracts shall be established with WCM and the participants.

Development contract

Complete and execute a [Development Agreement](#) .

IP Agreement

Complete and execute an [Intellectual Property Management](#) agreement.



5 IDEA Development

A facilitated workshop will establish how the project will be managed and progressed. The purpose of the meeting will be to ensure all participants understand and accept the management methods including risks and communications. The meeting will provide key inputs for the chapter 4 [Development Management Plan](#) the chapter 5: [Risk Profile](#) and the participants will agree the tools and applications to be utilised to ensure interoperability.

5.1 Development Management Plan

A Project Manager is appointed by the Cluster Facilitator or the initiator, from one of the partners or from outside as agreed. The Project Manager completes the [Development Management Plan](#) and the [Risk Profile](#) for approval by the appropriate authority within each of the participants.

Communications

The Project Manager will be the only point of contact with parties outside the project. A protocol is established for communications within the DMP:

- Within the project.
- Between the project's collaborating organisations and WCM.
- Between the project, collaborating organisations and all WCM members.

5.3 Methodology

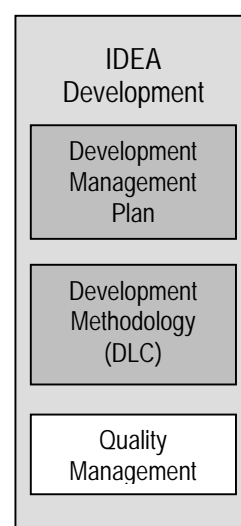
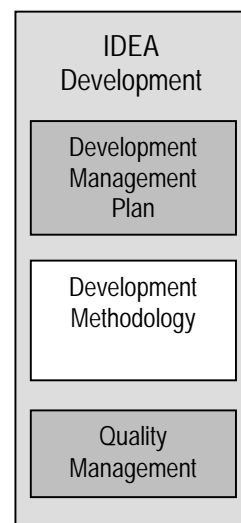
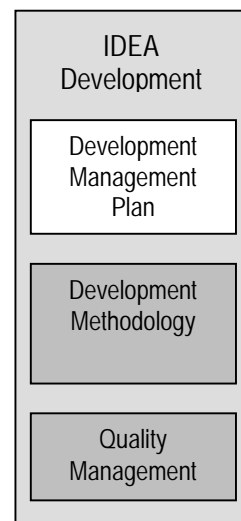
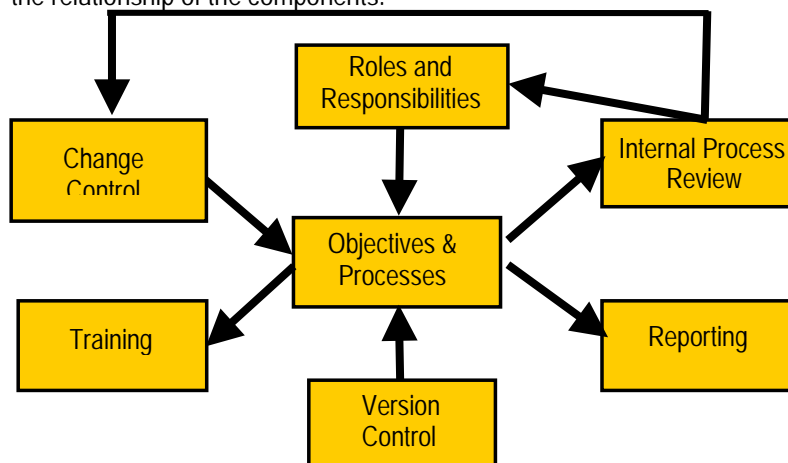
A collaborative development approach / methodology should be adopted to address:

- The job breakdown structure.
- Task definition and allocation.
- Development methods.
- Standards and other formats adopted.
- Coordination methods between subject specialist teams.
- Progress management and reporting.

See the [Development Management Plan](#)

5.4 Quality Management

Methods for managing project quality are covered in the Development Management Plan. Quality Management processes to ensure the effectiveness of the ToolBox will reference the objectives described in this document and determine if processes are being followed and that these are these effective. The following diagram describes the relationship of the components:



Reviews of the ToolBox will be undertaken at the end of each project as a component of post project reviews. A review of part or the entire the ToolBox could be initiated by the Steering Committee or a Project Manager as a result of problems or process failure.

Reviews would be undertaken by someone independent of the work and follow a standard procedure.

5.5 *Risk Management*

Collaboration typically reduces (or shares) risk especially the impact of failure. Applying the wider range of experience and skills collaboration brings to a project also can mitigate risk. Risk management is also enhanced when a wider range of people are involved in identifying changes to the risk profile of a project.

Collaboration in developments or other ventures does however create risks. These might include:

- Incompatibility of participants.
- Added complexity of managing contributors from several organisations.
- Responsibilities being shared can lead to a clash of values.
- Problems associated with combining methods and approached.
- The failure of a participant affecting others.
- Etc

Many of these issues can be mitigated through good structures and process. See chapter 5: [Risk Management](#).

6. Standards and Tools

See also chapter 4 the [Development Management Plan](#).

6.1 Collaborative Tools

At the initiation workshop, decisions will be made to determine the tools to be used in the development project and therefore all by participants.

Collaborative work tools adopted may include one or more of the following:

- Cad /Cam software
- Other software
- Document change control
- Definitions
- File exchanges
- A coordination method
- A communications regime

6.2 Technical Standards

At the initiation workshop, decisions will be made to determine the standards to be adopted in the project and therefore all by participants.

The standards adopted may include:

- Legislative
- Market specific
- Industry practice

Development standards adopted might include:

- Work tools adopted as 6.1 above
- Quality Assurance and risk management
- Peer reviews
- Assumption development and agreement
- An agreed methodology
- Design testing and validation

6.3 Other

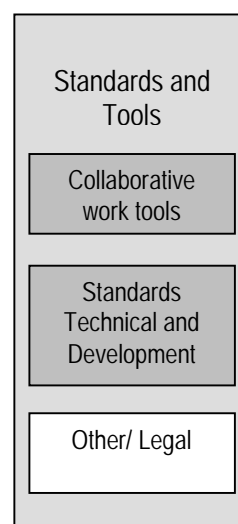
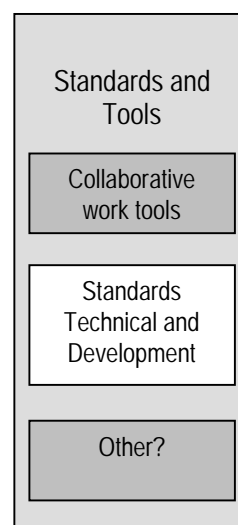
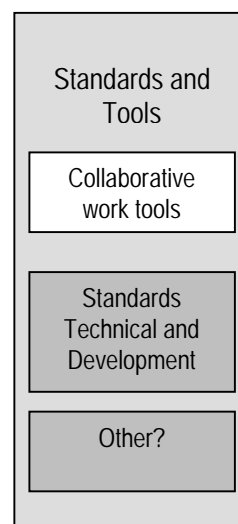
Other tools may be adopted related to a specific development project.

Legal agreements should be considered at this point e'g'

Memorandum of understanding

"Agreement and/or contract between the parties as to the basis of the proposed venture". A schedule of possible clauses:

1. Business objectives
2. Business strategy and activities
3. Membership
4. Term
5. Management
6. Entity
7. Property transfer and ownership
8. Intellectual property



-
9. Assignment of rights or interests
 10. Confidentiality
 11. Financing and financial management
 12. Trading
 13. Valuation of the entity
 14. Termination and consequence
 15. Conflicts of interest
 16. Force majeure
 17. Dispute resolution

7. Testing and Commercialisation

See also [DLC.doc](#) for details of testing.

7.1 *Concept validation*

Testing the development concept prior to further investment might include:

- Prototyping model making.
- Functional testing.
- Validating the marketing plans such as:
 - Branding
 - Promotion
 - Pricing
 - Sales and distribution
- Confirm costs and expected returns.

The Attribute Analysis (see chapter 1) should provide the testing criteria.

7.2 *Market testing*

Market testing might include:

- Focus group product evaluation.
- Testing the distribution chain.
- Validating sales and after-sales support plans.
- Reconfirm market characteristics.

The Attribute Analysis (see chapter 1) should provide the testing criteria.

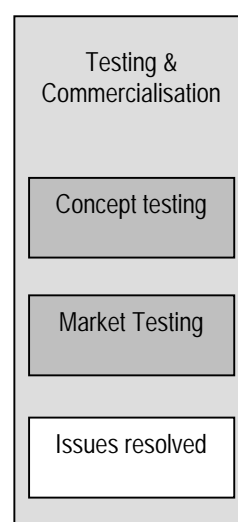
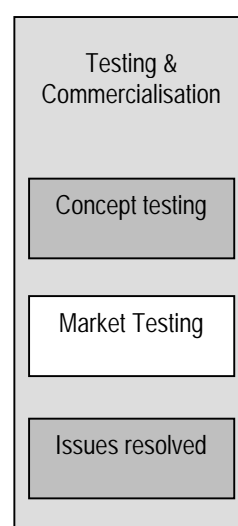
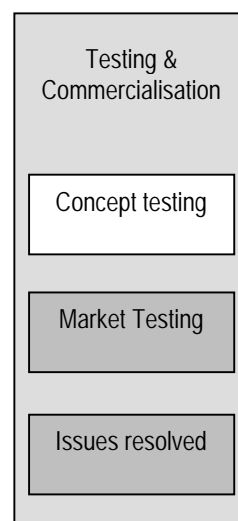
7.3 *Resolve issues*

All outstanding issues are resolved so that the participants can authorise further investment. These issues may include topics such as:

- Investment required and potential returns.
- Timing of investment and cash flow projections.
- Finalising design details.

Decision to make the investment necessary to:

- Produce the product
- Implement a marketing plan
- Formally establish the business entity



8 Make Available

Following the decision made at the conclusion of phase 7 a number of activities are required:

8.1 *Get ready to deliver*

Preparation to deliver the IDEA.

- Prepare tools or jigs to produce the product.
- Establish a production programme.
- Prepare promotional material.
- Design the packaging.
- Schedule promotional activities including medial.
- Design the business corporate style (logo, letterheads, business cards and similar).

8.2 *Distribution facilities*

Plan the distribution chain including:

- Selling methods and resources.
- Ensure warehousing facilities are available.
- Financial transactions are in place, appropriate and effective.
- Delivery resources in place and tested.

8.3 *Intellectual Property Protection*

Check again to ensure intellectual property matters are in place such as:

- Are any patents, copyright, design registration ownership matters resolved
- Have the rights to use the IP formally assigned

Make available

Tool-up &
Promotions

Distribution
facilities

IP protection

Make available

Tool-up &
Promotions

Distribution
facilities

IP protection

Make available

Tool-up &
Promotions

Distribution
facilities

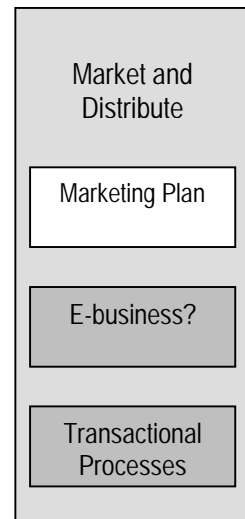
IP protection

9. Market and Distribute

9.1 *Market and Distribute*

A Marketing Plan will be prepared based on:

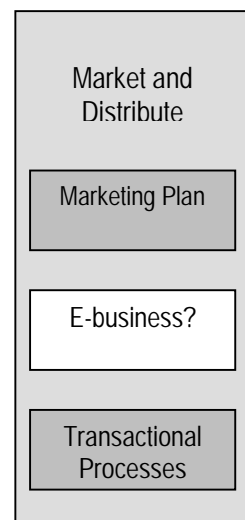
- The comprehensive task level commercialisation plan see [The ToolBox.doc](#) section 3.
- The [Business Case.doc](#)



9.2 *E-business*

Consideration should be given to the possibility of using web facilities to:

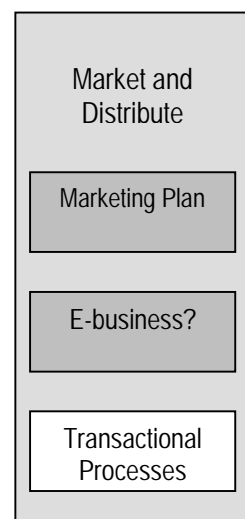
- Advertising and sales
- Establishing a direct link with customer (including end users).
- Establishing a customer database.
- After-sales support
- Supporting the distribution chain
- Shortening the distribution chain
- Etc.



9.3 *Transaction*

Whether an e-Business approach is adopted or not, the security of transaction facilities needs to be proved. In addition normal business reporting and monitoring need to be in place and operating such as:

- Monthly management reporting
- Risk monitoring
- Accounts
- Cashflow forecasts

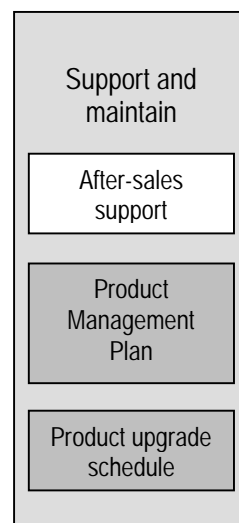


10. Support and Maintain

10.1 *After-sales support*

Once the product has been launched, a method will be in place to provide after-sales service which might include:

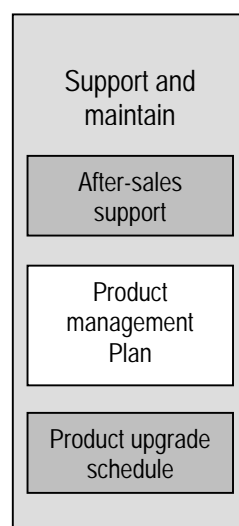
- Warranty and other repairs
- User training
- Add-on products
- Distributor support
- Establish a user group
- Etc



10.2 *Product Management Plan*

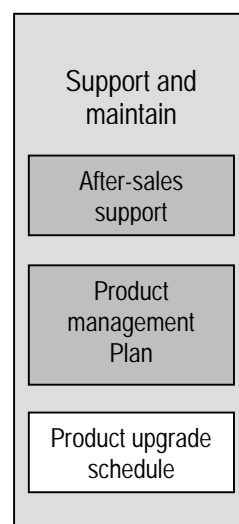
Good practice suggests that a Product Management Plan is needed to ensure the product continues to be competitive by being upgraded and extended to meet customer expectation (or to lead customer expectations). Such a plan would include a planned approach to:

- Continuous product research.
- Continuous product improvement.
- Product range extensions and add-on products.
- The development of associated services such as user training.
- Product retirement and replacement
- Etc



10.3 *Product upgrade or replacement*

The importance of planning product upgrades and replacement discussed in 10.2 above should never be overlooked. The dynamics of the market place will determine the timing of such actions. Part of the margin from the production and sales of the original product should be held as reserves to pay for the redevelopment if a continuous presence in the market is contemplated.



Chapter 3: BUSINESS CASE template

1. Introductions

Who the potential participants are and what is their interest.

Copy from the Memorandum of Understanding

2. Purpose of the document

The purpose of this document is to describe the potential Alliance (collaborative enterprise) *and to ensure a common understanding exists of the objectives of the venture for the individual participant and other stakeholders;*

The primary purpose of this document is to articulate and record a strategy developed for the development and commercialisation of a collaborative enterprise or Alliance. In addition to describing the strategic business opportunity this document will act as a vehicle to ensure there is a common understanding between all the participants.

Once developed, the document will be a framework for both the continuous upgrading of the strategy and as the basis for routine decision making relative to eliminating constraints to the realisation of goals.

2.1 *Read this first*

This document is called a template but it is equally a checklist of matters that should be considered in establishing a venture. It is not anticipated that all business cases will follow the format completely and include all the components included in this document. However, it is recommended that decisions taken to exclude items should be mutually agreed and recorded.

If a collaborative Bid for private or public sector funding is contemplated, refer to the request for information or request for tender.

3. What is the development

3.1 *Description the collaborative Alliance*

Describe the intended collaborative enterprise or Alliance. Do not proceed any further if you cannot write a brochure i.e. define the features and benefits for the identified market.

This information may feed into a Development Management Plan and a Contract.

What is driving the need to develop this collaborative enterprise or Alliance? :

Strategic Fit

What are the strategic expectations of the collaborative enterprise or Alliance and how does it fit into the business development plans of the participating participants?

Standards

What standards need to be considered, including: regulatory, market specific, industry practice and similar.

3.2 *Objectives of the development*

The objectives of the development are detailed in the [Business Case](#).

3.3. Objectives of the collaboration

The objectives of the potential joint development are.....- feeds into the Development Management Plan and a Development Contract.

Copy/consolidate text from Collaboration Process into this section.

Objectives might include exploiting opportunities or reducing risk e.g.:

A. Business development

- A joint venture business entity established to facilitate any of the objectives below.
- A merger of all or part of participating participants.
- A collaborative bid for a major contract.

B. Product development

- Reduce cost of development.
- Harnessing resources to reduce the time to market,
- thereby hastening resultant revenue.
- More rapidly increase the range of customers
- Provide additional revenue by providing existing capacity or components to other participants.
- Increase customer base for either existing products or services.

C. Market development

- Collaborative export marketing campaign.
- Jointly develop an export market
- Sharing logistics and the value chain.
- Bundling product or services to address a particular market niche.

E. Organisation development

- Establish critical mass
- More effective utilisation of capacity or capability
- Creating new resources

3.4. Objectives of the participating organisations

The expectations and objectives of each participating organisation should be recorded below, thereby sharing this with the other members of the Alliance.

Objectives or expectations could include some of the following:

- Increased product range or services offered
- Meet identified market needs not met by product range or services.
- Reduce the cost to <names of participants> of product or service development and either producing or delivering the business offer.
- Improved opportunities for participating organisations personnel.
- Make the participant's current product components, capital equipment, capacity, or services available to other participants.
- Opportunities for members to participation in;
 - Marketing (test and international distribution)
 - Manufacture (components and finished collaborative enterprise or Alliances)
 - Passive Investment
 - Participation in the IP management.
- Create a model for other similar opportunities

Consequential objectives

- Publicity for participating member's capability and capacity
- Identifying the unique benefits such collaborative ventures can contribute to the competitive edge.

-
- Other.

4. Commercial model

4.1 Participant benefits

The collective expectations and objectives of the participating organisations should be recorded below: This may duplicate the details in section 3.4 above.

- Reduce cost of development.
- other

4.2 Market description

Does the Alliance have a specific market or specific customers in mind?

Categorise the market

4.3 Market description (purchasers i.e. Customers)

Potential purchases of all or part of the development

Who	Why

4.4 Opportunities

Describe the specific opportunity(s) the Alliance will exploit

In addition to the business, market or product development venture, the Alliance might exploit other opportunities:

- rationalising production
- joint purchasing
- sharing resources
- sharing capital equipment

5. Value Chain

Copy from Overview Chapter 1.

Value Chain			
	Operations		
Innovation process	Factory: build the collaborative enterprise or Alliances	The Shop: provide access to the collaborative enterprise or Alliances and services	Service the customers support the collaborative enterprise or Alliance
Establish the business case for the new development. Research and Development i.e.: <ul style="list-style-type: none"> ■ Identify customers ■ Why develop products or services ■ Specify collaborative enterprise or Alliance features and benefits. ■ Establish collaborative enterprise or Alliances ■ Marketing Plans. Decide the standards to be applied to the developments. Address the potential commercialisation of collaborative enterprise or Alliance developed. Establish the marketing requirements. Establish the delivery requirements Establish and maintain standards.	Consider collaborative projects to produce products. Identify build or broker the resources needed. Determine product or service requirements. Prepare costings. Prepare tools and assembly facilities. Produce components Assemble collaborative enterprise or Alliances Quality control. Quality assurance. Apply methodologies and standards. Apply branding	Marketing plan including <ul style="list-style-type: none"> ■ Collaborative enterprise or Alliance collateral ■ Product or service launch ■ Website ■ Advertising and promotion ■ Exhibitions ■ Media decisions ■ Point of sale support Distribution methods and channels Training programs Direct sales?: <ul style="list-style-type: none"> ■ Mail lists ■ Email lists Export marketing and sales <ul style="list-style-type: none"> ■ Establish agents / distributors ■ Establish after sales support agents / facilities Administration / management <ul style="list-style-type: none"> ■ Credit control ■ Invoicing ■ Sales commissions ■ Payment of suppliers ■ Payment of licenses and royalties 	Customer support <ul style="list-style-type: none"> ■ After sales support ■ Repairs warranty ■ User help ■ Training ■ Upgrade service ■ Other services Maintain customer database Collaborative enterprise or Alliance support: <ul style="list-style-type: none"> ■ Monitor market share ■ Monitor collaborative enterprise or Alliance performance. ■ Plan redevelopment ■ Plan range extension ■ Changes in standards Technology support: <ul style="list-style-type: none"> ■ Identify and evaluate new technology. ■ Monitor obsolescence
Who is best places to add value – your organisation or someone else 1 to 10 (10 being best)			
Your rating	Your rating	Your rating	Your rating
<other> rating	<other> rating	<other> rating	<other> rating

5. Business Model

5.1 Enterprise model

Defines the structure of the Alliance (use a diagram)

The enterprise model as illustrated

5.2 Roles and responsibilities

The roles and responsibilities of each of the participants are as follows:

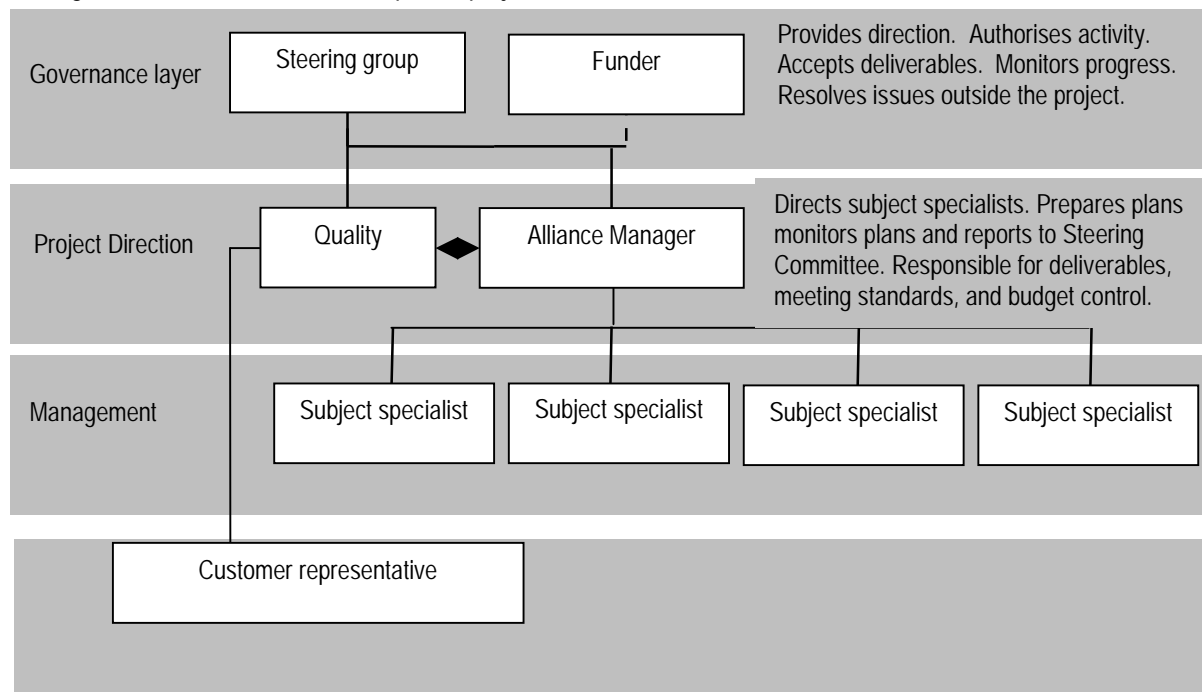
5.3 Participation

Identifies the participants in the development and the IP owners.

Project Direction

A typical collaborative project would need a role to “direct” and coordinate all phases of the project. The role could be assigned to one of the collaborative participants, a representative of the funder/investor or a professional third party.

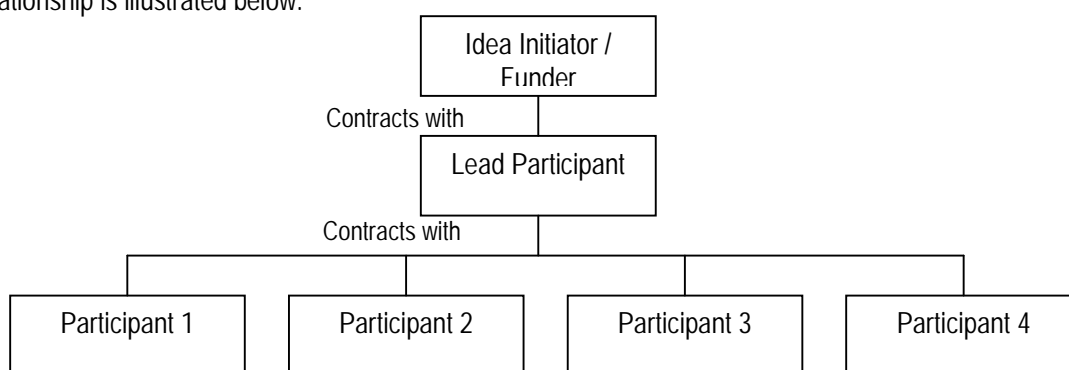
Management structure of the development project



5.2 Alliance relationships

Identifies the participants in the development.

The relationship is illustrated below:



5.3 Route to Market

Selling the collaborative enterprise or Alliance requires:

- Accessing the distribution chain
- Supporting selling at point of sale.
- Supporting selling

5.4 Sales Channel

The intended delivery channel will be:



5.5 Pricing

Establish a pricing strategy so as to identify the margins necessary to support the distribution chain of both the domestic market and identified export markets.

5.6 Sales

Sales prospects and the method for selling the collaborative enterprise or Alliance will be determined during the preparation of individual, industry-specific business cases other than the channel 5.4 above.

5.7 Revenue and Contribution

Develop a revenue and cost recovery forecast and record below.

Develop a revenue and cost recovery forecast and record below:

Sector and location	Revenue type	Revenue by year				
		1	2	3	4	5
Sales to (category of) Customers						
Domestic sales sub total						
Export revenues						
Sub total						
Total						

Costs

Development costs	\$				
Business case and spec development					
Collaboration engagement and continuation (travel, meetings etc.)					
Legal and IP costs					
Project management					
Requirements definition					
design					
development					
Testing					
Training					
Marketing					
Support infrastructure					
Website development?					
Once only software licences					
What else					
Totals					

Operational costs	\$ per month				
Development cost recovered over three?? <i>Years possible only two but up to the collaborators to decide</i>					
Interest for three years at 12%					
Support and maintenance of current collaborative enterprise or Alliance					
Marketing support					
Collaborative enterprise or Alliance maintenance, retirement or replacement					
Web site hosting					
IP licences					
ETC					
Totals per month					

5.8 Investment

Specific participants' investment (could be passive).

Match benefits to those sought by funders both private and public sector investment. e.g

5.9 Competition

Identify the 'best of breed' similar to this and what exists and is being developed.

The competition is analysed as follows:

Proposal Attributes	Competitors			
	1	2	3	4
Benefits				
Features				
Pricing				
Summary of competitive edge				

5.10 Intellectual Property

The IP would be jointly owned by:

- A
- B
- C and

Rights to use IP will be assigned to..... With the following conditions.....

5.11 Delivery, support, maintenance and enhancement

What will be required to provide support and collaborative enterprise or Alliance upgrades e.g.:

- After sales service
- User training
- Help desk?
- Collaborative enterprise or Alliance upgrading
- Etc.

5.12 Risks

Risk	Likelihood	Impact
Political related risks		
■		
Establishment risks		
■		
Development Risks		

■		
Operational risks		
■		
Financial risks		
■ Development		
■ Operational		
■ Support		
■ Other		
Legal risks		
■		

7. The Development Project

This could be used for either the development of a product or service. Equally, it could be used for the development of the enterprise.

7.1 Specifications

7.2 Technological Challenges / Risks

7.3 Development Schedule

Tasks	Weeks							
	1-3	4-6	7-9	10-12	13-15	16-18	19-21	22-24
Functional specification								
<i>Milestone one</i>								
<i>Test the prototype</i>								
<i>Milestone two</i>								
<i>User Testing Milestone three</i>								
<i>Acceptance sign-off</i>								

8. The Development Team

See chapter 4: [Development Management Plan](#)

8.1 Development individuals

Participating Partners

- TBA

Development responsibilities for deliverable / each partner

- List all deliverables and who will be responsible for each stage of them
- Programme management will be the responsibility of < >
- Quality assurance will be the responsibility of < >
- Etc.

8.2 Programme Management

A formal Enterprise Development Plan will be prepared as part of the programme start-up based on the template [Development Alliance Plan](#).

9. Appendix

9.1 Profit and Loss projection

. 5.7 provides the revenue breakdown

The project specific Business Cases would include a projected P&L statement.

Year	1	2	3	4	5
<u>SALES</u>					
New Zealand					
Australia					
Services revenue					
TOTAL					
<u>COST of SALES</u>					
Software Licenses					
Hardware costs					
TOTAL					
<u>GROSS PROFIT</u>					
TOTAL					
<u>OPERATING EXPENSES</u>					
Marketing & Sales					
Continuing upgrades					
Support					
Technical Support					
Administration/overheads					
TOTAL					
EBIT					

Chapter 4: DEVELOPMENT MANAGEMENT PLAN template

1. Introduction

Background to the development, possibly linked to the initiators decision to collaborate and copied from the signed off Collaborative Business Case.

The identification of *market demand / competitive pressure / something else* has driven <name of lead participant/initiator> to develop a market, a business entity or a product / service.

Having considered alternatives <name of lead participant/initiator > has initiated the formation of a collaborative development group. An agreement has been reached between participant/initiator and <names of participants> to participate in the development.

1.1 Read this first

This document is called a template but it is equally a checklist of matters that should be considered in establishing a project. It is not anticipated that any project will follow this format completely, and include all the components included in this document. However, it is recommended that decisions taken to change or exclude items should be agreed and the decision recorded in section 10, "Records".

1.2 Authorisation

Authorisation for the project including the appropriate contractual sign-off, internal meetings, issues resolution and similar.

1.3 Project Description

Broad description of and the reason for the project. (Again copy from the collaborative Business Case.)

Development of the <name of the development> will give <names of participants> the ability to *for example*:
Offer <target market> an increased range of <product>.

- Meet the identified needs of <target customers> that are not possible through current products.
- Ensure <names of participants> can retain their current or potential customers.
- Reduce the cost to <names of participants> of producing products.
- Other

Commercial Objectives

Specific commercial reasons/objective of the deliverables (as opposed to simply the deliver on time to budget and to specification).

The content development and digital presentation will meet the requirements meet commercial outcomes as discussed in the [Business Case](#) see Chapter 3, *such as*:

- Protect the customer base of <names of participants> from national or international competitors.
- Improve the competitive position of <names of participants>.
- Reduce cost of development.
- Sales of the product / services to <identified customers> Development for a specified export niche market

1.4 Scope and Boundaries

What the project includes and what is specifically excluded.

The scope *might* include:

- Other

Explicitly not included:

- Other

1.5 Deliverables

A comprehensive list of all items to be considered as Deliverables (as defined) Copy from the contract or Collaborative Business Case, and sub-divide as needed). This is where the level of granularity of content is addressed.

- Product ready for production
- Tooling
- Packaging
- Marketing collateral
- Product benefit training programs
- Project specific standards

1.6 Definitions

Reference to the WCM standard definitions plus itemised specific definitions to be used possibly as required by the customer.

Authorised	The recorded decision that a record or Product has been cleared for use or action.
Approved	The recorded decision that a Product or part of Product has satisfied WCM or project standards
Accepted	The recorded decision that a Product or part of Product has satisfied the requirements and may be delivered to Students or used in the next phase of the development.
Released	An approved (quality inspected) Product is released when it is made available for issue to the next phase of the project.
Draft	A product or deliverable that has not entered the formal review process.
Issued	A released Product or part of Product is issued when the original or (more usually) copies are provided to a person or organisation.
Programme	
Product	<p>Any report, specification, manual, learning object or other output (also called Deliverables) produced as part of a project or supplied by a participant for use in a project. The test for designating Product is the requirement for:</p> <ul style="list-style-type: none">■ Version control and traceability.■ Change control.■ Distribution control.
Validation	The process of evaluating Product to ensure compliance with the specified requirements
Verification	The process of evaluating the Products of a given phase to ensure correctness and consistency with respect to the Products and standards provided as input to that phase.

2. Management Plan

How the project will be managed.

It is assumed that once this PMP is accepted by <names of participants> the individual participants will have the authority to make the decisions necessary to progress the development. As agreed by the development team some matters may be escalated to the steering committee,

To reduce potential delay or disruption caused by needing to refer decisions back to the management of participating institutions, the project must have an agreed level of autonomy. The purpose of this section is to define the level of autonomy agreed.

2.1 Management

This section describes the structure, roles and responsibilities for the management of the project.

Once the authority to proceed is given by <names of participants> the project will be controlled by a three layer governance and management model.

Governance

A Steering Committee will be appointed from representatives from <names of participants>. The Steering Committee shall have responsibility to,

- Have ultimate authority to initiate the project and to halt or terminate work.
- Provide high-level direction to the project
- Resolve any issues that are escalated from the project.
- Fund or source funding for the Project
- Ensure physical and skills resources are available
- Accept all deliverables.

Project Management

A Project Manager shall be appointed who will have responsibility for:

- Management of the development team.
- Planning and achieving milestones in particular producing the deliverables on time.
- Managing the budget
- Maintaining standards of both deliverables and development processes.
- Reporting to the Steering Committee as agreed.
- Initiating Review and Control of the project.
- Ensuring the skills and knowledge needed are available.
- Facilitating communication between subject workgroups.

Subject specialists

The roles of these specialists will be determined on a project by project basis. They will typically include design, engineering development, production, and marketing. Or are these the content specialists only?

Customer Representative

An appointment an individual to act on behalf of customers and be responsible for:

- Ensuring requirements are defined.
- Answering questions directed to the potential users.
- Agreeing acceptance criteria.
- Assisting with testing.

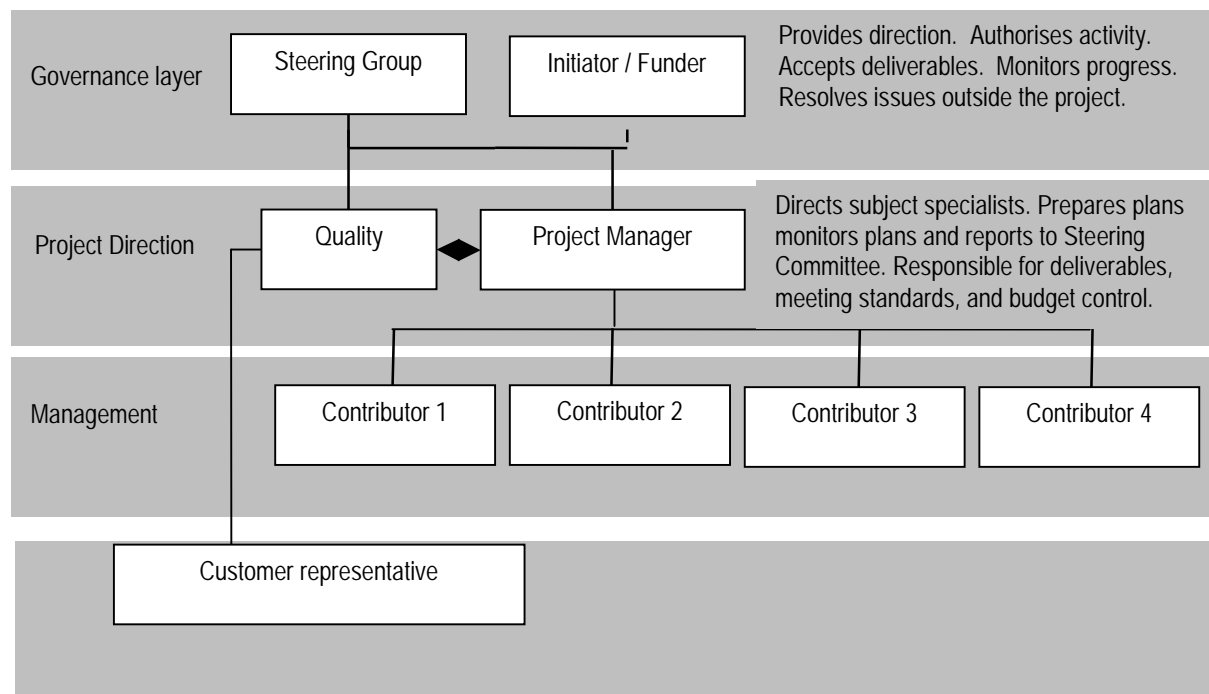
Quality Representative

The Quality Representative will:

- Review deliverables to ensure requirements are met.
- Ensure processes are followed.
- Ensure processes remain effective.

Management structure

See also Chapter 3 Business Case section 5.3



Project Reviews

Details who is involved, the role and the responsibilities, how often they will meet and the project's requirements of them.

Review meetings will be conducted <agreed intervals>. The reviewers will include the Project Manager, Quality Representative, the Customer Representative and a member of the Steering Committee.

2.2 Status Reporting

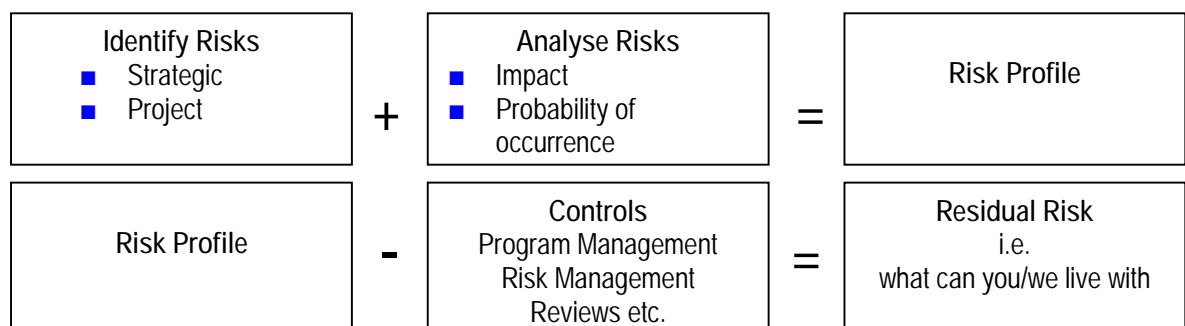
Detail who reports on what and how often.

The Project Manager shall report to the Steering Committee <agreed intervals>. The written status report shall be prepared in accordance with the template appended.

2.3 Risk Management

Risks need to be identified, the relevant controls assessed and the residual risk will then form the risk profile for the project. Changes in the risk profile are reviewed at Team Review Meetings.

Risk Management is concerned with the risks associated with achieving the goals and objectives of the project. A "risk profile" and "residual risk" will be determined through application of the following process:



The Risk Profile for this project is appended. The Profile will be part of each project review meeting and the changes to Residual Risk managed to closure ensuring "Residual Risk" does not develop beyond the level of comfort. See [Project Risk Management.doc](#)

2.4 Provision of Facilities

Who supplies what to the project team - as detailed in the contract?

- WCM Cluster provides the process templates and will be the first call for securing facilities not available from the development participants.
- Physical resources: Office accommodation for will be located at
- Technical resources: Technical support including telecommunications will be provided by:
- Tools and software: Tools and software required are.....and will be supplied by.....
- Specific skills facilities required identified below will be provided as follows:

Facilities / Skills	Participants			
	AAA	BBB	CCC	DDD

2.5 Partner Supplied Material

Specific existing material supplied as included in the contract. Copy from contract or include as appendix??

As itemised in the contract it is agreed that <names of institute> will supply material or facilities such as:

- Parts or components.
- Other products or material.
- Facilities.
- Contacts, existing relationships.
- Other.

2.6 Skills and Resources Requirement

Determine the capacity and capability to do the job.

Specific skills needed by the project team.

Specific training needs of individual members of the team to carry out their role and meet their responsibilities.

Capability and Capacity analysis

Skills	Participants			
	AAA	BBB	CCC	DDD
Business strategy				
Communications				
Manufacturing				
Project Management				
Design				
Distribution				
marketing				
Existing distribution chain				

2.7 Change Control

This is the means by which formal change to deliverables (as defined) is systematically carried out.

Changes to deliverable specifications shall follow a formal change process. During development changes to deliverables will be managed within the project and controlled through version control (see Version Control)

2.8 Issues management

Problems, occurrences, good ideas and similar considered to be significant and therefore requiring action will be recorded using this reporting and registration system. See the Issues Management procedure.

An Issues Register format is appended. All problems, occurrences, good ideas and similar significant enough to require management will be entered into the Register. The Register will be part of each project review meeting and the resolution of Issues managed to closure.

3. Specifications

A definition of the functional and technical characteristics of the deliverables

3.1 Features and benefits

Copy from Chapter 3 [Business Case](#)

3.2 User Requirements

What the user requires i.e. such topics as user instructions, maintenance instructions, future upgrades and similar. Opportunity to keep contact with the customer and develop on-going interaction.

3.3 Technical Specifications

The technical requirements of the product,

4. Quality Plan

4.1 Standards

This covers the standards to be adopted.

The standards to be followed are:

4.2 Testing

Testing and sampling

The Quality Control plan will ensure that product meets standards. The plan will include:

Concept

Test the concept

Final proposition

Validate the final proposition.

Off-tool samples

Using off-tool samples assembled using production jigs and other facilities will validate:

- tool designs
- assembly facility design
- the product

Market

Market tests

Focus group

Other trials

Testing distribution

4.3 Acceptance Criteria

Acceptance criteria will be established to provide the basis for validating product complying with expected features and benefits and specific standards.

5. Budget

The cost schedule as in the Contract or Collaborative Business Case.

Activities	Total Cost	Timing
Project Management		
Market research		
Legal costs		
Preparation of collateral		
Communications costs		
Total		

6. Purchasing Plan

This plan manages the activities of purchasing of tooling jigs and other production facilities and materials for the sample run and the initial production batch.

6.1 Purchasing Specification

To ensure that all project purchases conforms to requirements all items to be purchased (or developed under sub-contract or by a Partner) shall be defined in unambiguous terms. Purchases shall be identified in such a way so that the vendor is in no doubt as to the requirements.

The purchase specification shall be reviewed and Approved by the Project Quality Representative before issue.

6.2 Sub-contract or Partner Development

Management of Sub-contract or Partner development shall be based on an accepted Project Management Plan created by the supplier with 'back-to-back contractual provisions.

7. Development Plan

A description of the development methodology to be employed.

7.1 Methodology

A development methodology will be established to address:

- The job breakdown structure.
- Task definition and allocation.
- Development methods.

-
- Standards and other formats adopted.
 - Coordination methods between subject specialist teams.
 - Progress management and reporting.

7.2 Coordination

The Project Manager will have specific responsibility to establish a regime to ensure development progresses is coordinated.

8. Implementation Plan

A description of the methodology to be used to effectively deploy the proposition.

8.3 Communications

Keeping stakeholders in touch with the project.

8.4 Training

Requirements to train the teaching personnel so that the deliverables are effective.

Provision of both educational and technical support of the deliverables in the field, i.e. Customer support, Help Desk ETC.

8.5 Maintenance

Responsibility for the maintenance of products including future upgrades as well as tooling and other production equipment. . This is normally contractual.

9. Project Schedule

Work breakdown structure and Gantt chart

10. Records

A detailed list of records to be maintained

Project records will be maintained to assist control and to provide an audit trail if required. These records may include:

- Risk profile.
- Issues Register.
- Minutes of all project review meetings.
- Minutes of all Steering Committee meetings.
- Project Manager's progress reports.

11. Appendix

11.1 Team Review Meeting Agenda

11.2 Steering committee meeting agenda

11.3 Status Report format

11.4 Issues Register

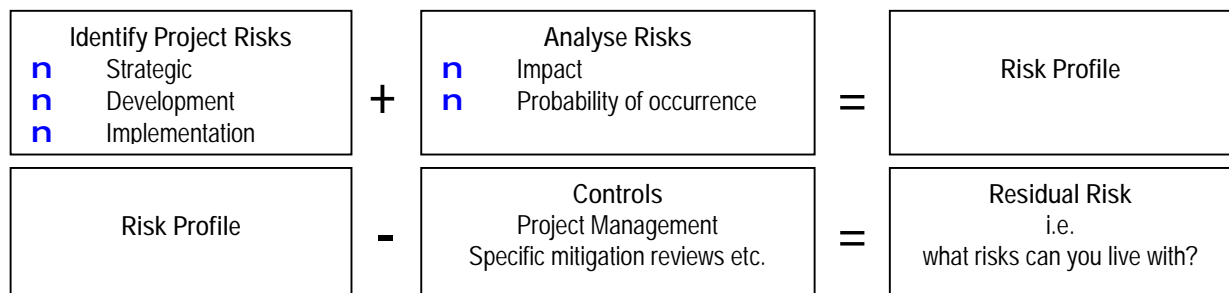
11.6 Risk Profile

Chapter 5: RISK MANAGEMENT

Risk is defined as “the chance of something happening that will have an impact upon objectives or project benefits”⁵.

1. Context

Risk Management is concerned with the risks associated with achieving the goals and objectives and delivering benefits. A "risk profile" and "residual risk" will be determined every Project and implemented through application of the following process:



1.1 Risk assessment

Risk assessment at Governance level is typically, relatively straightforward. Establishing Residual Risk at both the Project Execution and the Development/Implementation level will be more complex. It is recommended that specialist staff is consulted to help to identify risks and to evaluate the effect of controls and processes.

1.2 Risk Monitoring

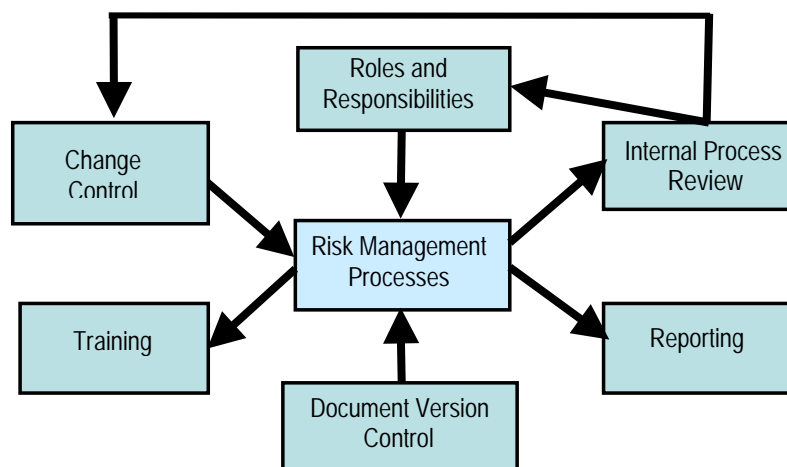
The Project Manager will monitor the major risks. It is recommended that all participants know what the risks are (as identified in the Risk Profile) and be involved in identifying changes to risks.

1.3 Risk Dynamics

An important principal needs to be accepted to strengthen the effectiveness of this process. The nature of project risks is that changes are inevitable as a project matures. Some will diminish in importance or even cease to be risks. Other risks may increase in importance as knowledge is increased.

2. Support process map

Documented operational processes are required to support this risk management plan and these need to have relationships as follows:



⁵ Australian/New Zealand Standard 4360:1999 Risk Management

Project Risk Register

Key: 1=Low, 4=High R=Rank

R	RISK	Likelihood	Impact	CONTROLS OR MITIGATION	Residual Risk significant?
1.	Political/environmental:				
	Changes to legislation or regulation				
	Change to policy.				
2.	Financial:				
	Reduction in projected revenue				
	Cost overruns				
	Development finance withdrawn				
3.	Legal/Statutory:				
	Unresolved IP issues				
4.	Participant expectations: <i>misunderstanding the objectives</i>				
	Negative participant reaction				
	Unrealistic or inaccurate expectations				
	Divergent expectations of collaborators				
5.	Markets:				
	Unexpected competition				
	Non tariff barriers imposed				
	Product standards legislation				
	Instability of the distribution chain				
6.	Planning; including strategy development, business case and resource planning.				
	Unplanned or out of scope activity				
	Unplanned resource requirement				
	Late delivery of key components.				
	Unavailability of key individuals or other resources				

R	RISK	Likelihood	Impact	CONTROLS OR MITIGATION	Residual Risk significant?
7.	Technical				
	New or unfamiliar technology				
	Unusually complex				
	Lack of adequate local support for technology				
8.	Operational: <i>Risks related to executing the plan</i>				
	Deadlines not met.				
	Implementation of the planning phase not successful				
	Failure to get buy-in by key staff.				
	Failure of knowledge transfer (training)				
	Lack of urgency of participants				
	Failure of communication or collaboration (are partners new to collaboration? Is there a similar organisational culture?)				
	Failure of the overall program				
9.	Other: Risks:				