

Formal rules in product development: Sensemaking of structured approaches

John K. Christiansen & Claus Varnes, CBS. johnc@cbs.dk & cv.om@cbs.dk

Abstract:

Many scholars consider the use of formal structured approaches to manage product development as very significant for successful product innovation. Others consider them a predictor of the likely outcome of the processes. Structured approaches can be considered management technologies for product development. Prior research has addressed the design of structured approaches and has measured how different types or generations of these are related to different processes and outcomes in different ways.

However, only limited research has addressed how managers and employees actually understand and makes sense of these methods. This paper investigates how structured approaches are translated through a number of interpretations into daily practices. The research draws on research in sociology and management accounting to analyze structured approaches for product development as a managerial technology that consists of rules that individuals must understand (i.e., make sense of).

The paper presents arguments for building a model of factors that influence the sensemaking of structured approaches for product development based on Scandinavian cases. First, structured approaches are presented as a type of managerial technology that consists of rules. Second, a framework to classify structured approaches for product development according to their degree of elaborateness and exhaustiveness is derived. This helps to identify the types of rule systems in companies—and how these influence everyday practices. The sensemaking from rules to practice is implemented through a number of translations, based on the context, the history, and the authorized statements and feedback processes.

The empirical findings show that structured approaches differ both with respect to their degree of elaborateness and exhaustiveness. Additionally, firms differ greatly in terms of how rigorously they enforce the rules. Furthermore, the importance assigned to them by functional managers and project managers differ greatly. Even companies with extensive and elaborate rule regimes enforce the rules in a flexible manner, and rules are often applied at the discretion of project managers. Practices are influenced by the interpretation, use, and feedback from senior managers. Observations make it possible to develop a model for the sensemaking processes that influences how a specific structured approach through sensemaking is altered, modified, and sometimes even cut off from influencing innovation processes. The sensemaking of rules might reverse elaborate and exhaustive rules into quite flexible systems in practice. One implication of this is that individual sensemaking of structured approaches for product development thus needs to be analyzed to understand managerial practices. Another implication is that it cannot be assumed, a priori that formal approaches are the same as exercised practices.

Published in: Journal of Product Innovation Management. Vol. 26, No. 5, pp. 502-519