Chapter 4

New Product Development: Challenges and Implications

Hassanali Rassouli
Aagahn Information Technology Consultants, Iran

ABSTRACT

Intensive global competition of 21st century calls for a systematically aligned set of approaches in all aspects of corporate management including new product development. Success of new products needs the strategic support of corporate executives to establish and deploy coherent policies that are compatible with approaching new paradigms in business and manufacturing. Lean thinking is the widely accepted paradigm in the beginning of 21st century, and this chapter defines challenges and implications that corporate management will face in attempting to adapt to new product development approaches in accordance with the lean thinking perspective. This attempt covers all aspects of the organization in respect to product lifecycle.

NEW PRODUCT DEVELOPMENT: CHALLENGES AND IMPLICATIONS

In the last decades of 20th century, Western industries faced intensive competition with Japanese industries. Automotive industry was one of the industries that were seriously affected by this competition. Attempts to find Japanese advantages led to different results. Some believed that not having warehouse is the main advantage, some others believed Quality Circles is the advantage and some others saw some other aspects of Japanese industries as the main advantage. In the NBC documentary (1980, June 24) If Japan Can… Why Can’t We? Americans found out about Dr. Deming. Chrysler Corporation, Ford Motor Company, and General Motors Corporation (1995) developed Advanced Product Quality Planning (APQP) and Control Plan: Reference Manual, a
standard procedure for simultaneous engineering as a part of QS-9000 which was a standard based on ISO 9000. Finally Massachusetts Institute of Technology (MIT) (1980) executed the International Motor Vehicle Program (IMVP) to find out what Japanese were actually doing. IMVP project leaders Womak, Jones, and Rose (1991) reported IMVP findings in the book *The Machine that Changed the World* and consequently Womack and Jones (1996) theorized on these findings in the book *Lean Thinking*.

Lean Thinking is the paradigm shift to design, manufacturing, and business in the 21st century. Womack and Jones defined Lean Thinking principles as:

- Specify value
- Identify the value stream
- Make value flow continuously
- Let customers pull value
- Pursue perfection

In addition, basic value streams are identified as:

- **Product design and development value stream**: From design concept to product launch.
- **Production and delivery value stream**: Raw materials transformation into deliverable products and services to customers.
- **Information value stream**: From order to delivery.

Thus, product design and development is a basic value stream in any business. Keeping this in mind, New Product Development chapter covers the following subtopics:

- Business and product strategy
- Product development strategy
- Product planning
- Product portfolio management
- Technology planning
- **Product design process**: Integrated Product and Process Development, Advanced Product Quality Planning (APQP), Lean Product Development
- **Design for X**: Design For Manufacturing (DFM), Design For Assembly (DFA), design for reliability, design for six-sigma
- **Product documentation and change management**: Configuration Management (CM)
- Product Lifecycle Management (PLM)
- **Product development tools and methods**: Quality Function Deployment (QFD), Failure Modes and Effect Analysis (FMEA), Geometric Dimensioning and Tolerancing (GD&T), Design of Experiments (DOE) conventional and Taguchi methods . . .

**BUSINESS AND PRODUCT STRATEGY**

Product is the resultant of business and product strategies of the organization that produces and delivers the product. Product is the mean by which organization creates and delivers value to its customers and enhances customer satisfaction. Quality, cost, and delivery of the product are main elements of customer satisfaction and strongly affected by strategic alignment of organization’s policies. Business leaders have explicit or implicit policies for whatever concerns them in relations with their customers, shareholders, employees, suppliers, and other stakeholders, in dealing with economic, political, social, cultural, and environmental issues, in coming up with financial, budget, and other resource limitations, and for any other issue which affect and threaten their business and organization. Misalignments and fluctuations in these policies may deteriorate product quality, increase product cost and production lead time, and delay product delivery. In order to avoid
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