

The Product Development and Commercialization Process

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Overview

Product development and commercialization is the supply chain management process that provides structure for developing and bringing to market new products jointly with customers and suppliers.¹ Effective implementation of the process not only enables management to coordinate the efficient flow of new products across the supply chain, but also assists supply chain members with the ramp-up of manufacturing, logistics, marketing and other related activities to support the commercialization of the product. In this chapter, the product development and commercialization process is described in detail to show how it can be implemented.

Introduction

Developing products rapidly and moving them into the marketplace efficiently is important for long-term corporate success.

The product development and commercialization process requires effective planning and execution throughout the supply chain, and if managed correctly can provide a sustainable competitive advantage. Developing products rapidly and moving them into the marketplace efficiently is important for long-term corporate success. In many markets, 40 percent or more of revenues come from products introduced in the prior year.²

While the creation of successful products is cross-functional, product development and commercialization from a supply chain management perspective integrates both customers³ and suppliers⁴ into the process in order to reduce time to market. As product life cycles shorten, the right products must be developed and successfully launched in ever-shorter time frames in order to remain competitive and achieve differentiation in the marketplace. The ability to reduce time to market is key to innovation success and profitability.

¹ This chapter is based on Dale S. Rogers, Douglas M. Lambert and A. Michael Knemeyer, "The Product Development and Commercialization Process," *The International Journal of Logistics Management*, Vol. 15, No. 1 (2004), pp. 43-56.

² Handfield, Robert B. and Ernest L. Nichols, Jr., *Supply Chain Redesign*, Upper Saddle River, NJ: Financial Times Prentice Hall, 2002.

³ Karkkainen, Hannu and Petteri Piippo, "Ten Tools for Customer-driven Product Development in Industrial Companies," *International Journal of Production Economics*, Vol. 69, No. 2 (2001), pp. 161-176.

⁴ Schilling, Melissa A. and Charles W. L. Hill, "Managing the New Product Development Process: Strategic Imperatives," *Academy of Management Executive*, Vol. 12, No. 3 (1998), pp. 67-82.