

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. To do this, the process is described in terms of its strategic and operational sub-processes and associated activities, and the interfaces with business functions, other supply chain management processes and other firms. Examples of successful implementation are provided.

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

Introduction

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.² In many markets, 40 percent or more of revenues come from products introduced in the prior year.³

While the creation of successful products is a multidisciplinary process,⁴

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 Cooper, Robert G., Scott J. Edgett, and Elko J. Kleinschmidt, *Portfolio Management for New Products*, Reading, MA: Perseus Books, 1998.

³ Handfield, Robert B. and Ernest L. Nichols, Jr., *Supply Chain Redesign*, Upper Saddle River, NJ: Financial Times Prentice Hall, 2002.

⁴ Olson, Eric M., Orville C. Walker, Jr., Robert W. Ruekert, and Joseph M. Bonner, "Patterns of Cooperation During New Product Development Among Marketing, Operations and R&D: Implications for Project Performance," *The Journal of Product Innovation Management*, Vol. 18, No. 4 (2001), pp. 258-271.