

# The purpose of new product development



New Product Development is a process which is designed to develop, test and consider the viability of products which are new to the market in order to ensure the growth or survival of the organization.

New Product Development can be defined as the process of innovating and inventing new ideas and concepts, with a view to developing a successful new product in the anticipation of customer needs. The process of New Product Development involves various stages of inventing, testing, retesting, acquiring consumer attention and even redesigning, therefore making this process quite elaborate, costly and complicated depending on how the business wishes to make it. However, despite this process being elaborate, costly and complicated, it is quite necessary to a firm.

Firstly, a firm's administration needs to do this especially when competition is strong in their markets. In doing so, the firm can have another product to rely on, or they can introduce a new product, when competition from other firms is heavy. Secondly, innovation is compulsory for the continued success of a firm. No matter how successful a product is, there will come a time when it enters a period of decline and given the long period needed to develop them, it is important to have new products in tow. Also, firms need to meet changing customer needs and competitors actions. Therefore New Product Development is necessary as the tastes and needs of consumers change so that the firm will be up to date with its customers.

In addition the life cycle of many products change at very fast rates. New Product Development is therefore necessary for the survival of any firm.

New Product Development is therefore not an optional matter, it has to be done just to survive in today's dynamic market with its ever changing technology, as the rate with which technology is increasing tends to render many products obsolete.

As mentioned before New Product Development can be described as an elaborate, costly and complicated process. Therefore for this venture to be successful it must be well funded. In fact, most companies which have successfully pioneered new products ensure that the Research and Development continues to be well funded and remains an important part of the company.

In addition, because this process is not definite, that is the product developed may not necessarily be successful when exposed to a market, the basic procedures must be followed.

The process of New Product Development involves identifying and evaluating new product opportunities, developing the product and then finally testing its marketability.

The ideas for new products are generated from the firm's market research, technological forecasting and from research and development projects.

Out of research comes ideas and inventions, however they have to be translated into usable and commercially viable products. Before an idea is developed into a product, it is necessary to evaluate the product in terms of marketability and profitability. The process of judging whether or not it is worthwhile proceeding with the product development is known as screening.

For example it should be known if the product meets a defined customer need or if the firm possesses the resources, skills and expertise to develop, produce and market the product for example.

After the screening process, new product ideas are developed into product concepts in which the market, the benefits of the product and its position in relation to the firm's competition is tested by means of consumer research. It is only when the idea has passed the initial screening process that the firm will be prepared to commit large sums of money to the physical development of a product that can be marketed. The idea is converted into a 'prototype' and is subjected to laboratory tests and other technical evaluation.

Then the development process converts the prototype into a saleable product. One major aspect of this is design, which is divided into two parts. Functional design and Formal design, where functional design is concerned with the structure and operation of the product and formal design with the appearance of the product. The designer's main challenge is to reconcile the functional requirements with formal ones.

As well as appearance and performance, there is a third criterion to satisfy. This concerns economy of manufacture and ease of storage and distribution. For example, a product that is functionally sound but rather expensive to manufacture will be of little use to a business organization.

After the design stage has been successfully completed, it is usual to engage in small scale or pilot products to test whether or not the product can be manufactured economically. Test marketing in which the product is launched

will follow this on a limited scale in a representative part of the market. The objectives of this exercise are to determine customer reactions to the product and the way in which it is marketed and to forecast future sales of the product.

Once the product succeeds at this stage the production department will then prepare for and schedule the production of the new product, which is ready for the national or international market.

If these procedures are followed there is a very good chance that the new product will be successful. It is not clear-cut though, that the product will in fact be a success, as consumer tastes or needs change very quickly, for instance. Therefore, as said before, it is very important that research and development be an integral part of the business, to ensure its continued success.

Value analysis aims to optimize the value of the product to the customer, that is, it concentrates on giving the customer what is required at the lowest possible cost. Therefore it can be defined as an analytical technique to aid decision making in the development process of New Product Development.

With the use of value analysis, businesses try to satisfy their customers in the most economical way possible. All designers of products have to take into consideration three main areas of concern. Firstly, the function of the product, secondly, the cost of it, if it is affordable or not and thirdly, the product's appearance. The aim is to achieve all these simultaneously without unjustified cost.

A value analysis team usually consists of people from different departments within the business to ensure that the different aspects of the product is given the necessary attention. These may include design, technical, financial and marketing experts. At each stage of the value analysis they will be looking for ways to reduce the cost of production without reducing the quality and therefore its value to the customer. For example, this may mean simply finding an alternative material that may be used in the manufacturing of the product.

All aspects of the production process are reviewed as they all contribute to the cost of the product or service in question.

The number of people that are usually involved in the value analysis process depends on the size of the business and the type of product involved. There is a danger however, that if the team is too large it may become burdensome and expensive which is counter-productive.

If however the job is done well, the value analysis will ensure that the optimum value is gained for the product at the lowest possible cost and therefore makes a valuable contribution to New Product Development.

## CONCLUSION

Improving and updating product lines is crucial for the success for any organisation. Failure for an organisation to change could result in a decline in sales and with competitors racing ahead. The process of NPD is crucial within an organisation. Products go through the stages of their lifecycle and will

eventually have to be replaced There are eight stages of new product development.

## QUESTION 2

A company's sales force is its frontline in the battle to win the customer's business. In performing its role, it must be supported by the company's various promotional plans. The sales personnel, however, are responsible for their own profession. Explain the features of an effective sales force.

## INTRODUCTION

Groups can become a high performance team by following organizational goals and strategic planning, while demographic characteristics and cultural diversity can influence a team in many ways. Cultural diversity and demographic characteristics can help achieve goals and people should be aware how they can contribute to reaching goals in an organization. This paper will discuss the impact of demographic characteristics and cultural diversity on behavior within a group, and how individuality will sometimes contribute to detract from high-performance in teams.

Numerous attempts have been made by several organizations in order to gain competitive edge over their competitors through management concepts and practices. In order to respond to globalization, majority of organizations are turning to modern, more productive ways of conducting business, such as effective organizational structures, greater support from technology, and more team orientated environments. Indeed, a team is where combined employees apply their skills and abilities together in order to attain the

common goals and objectives of the organization. Increase organizational performance is being obtained from combined individuals working together jointly to provide the best of their skills, knowledge, experiences, and abilities.

Groups are formed to satisfy both organizational and individual needs. An organization consists of individuals and groups interacting within the structure of the organization to accomplish its goal and objective. In the traditional organizations, most of structures are based on individualism. Today, team works are a major concept of an organization. Merriam-Webster online dictionary defines team as “ a number of persons associated together in work or activity.” (Merriam-Webster Online Dictionary, 2007) Most activities in the organization require some degree of coordination through the operation of team working. Teams are useful only if the interaction of team members produces something greater than the sum of all the individual’s efforts. Team interaction must be structured so that team members coordinate their actions in the cooperative pursuit of both their individual objectives and the team’s goals. The understanding of the team concept is vital if the organization. An organization will function effectively if its employees function not just as an individual but as members of effective and efficient performing work group. The emotions and feelings of each individual towards work comprise some kind of a behavior that normally affects the team’s performance. The most important activity in the organization is to maintain and enhance the work groups. The abilities and the skills of the leaders must have to be brought out in order to fully perform in their duties and obligations in the work groups to guild the team



members; participation, leadership, and motivational skills can greatly impact a team's performance. The more efficient a work group is, the better the drive to success of the organization.

Team dynamics in many organization improve both productivity and employee satisfaction. Teams are formed to accomplish what individuals can not achieve on their own. Many work organizations tend to have a growing trend of implementing new work teams; a collaborative team is able to bring many creative ideas and improve productivity to the organization. Today's increasing popularity of teamwork in the workplace setting requires adequate individuals that can show teamwork tactics in their job qualification. The importance of teamwork has now become a critical segment in the way organizations operate in today's globalization business world. Any given team comprises of a various group of employees, which will now share the responsibility in the area of problem solving processes, and are also involved in decision-making as well as implementing the changes.

The team's dynamics are made up of the selection of team members and a leader that will encourage team participation and cooperation while the leadership also provides the guidelines that will maximize the strengths most effectively within the team. The team will also be accountable in providing itself with the corrective properties of conflict resolution skills through team communication. In addition, participating as a team member, individuals are expected to share their ideas, knowledge, past experiences, and skills. Each team members has to convey courtesy to each of his or her teammates and respect the views of one another. All the team members must be willing to share their ideas, but remain open minded while listening to the others

express their ideas and opinions. To work well collaboratively, each individual requires adaptability and a willingness to learn from the skills of others. An open minded team member can effectively criticize or expand through discussion the ideas or views that are presented.

Effective team work begins with the collaboration of a variety of employees. In a team, even there is a nominated leader, real leadership will surface automatically and dynamically in the team; skills, knowledge, and experiences are some strengths and attributes of a leader. Engleberg, I., and Wynn, D. (2003) defined five theoretical approaches to leadership; trait theory, styles theory, situational theory, functional theory, and transformational theory.

When developing an organization structure from ground up, a very important strategy is to establish leadership ideals right from the beginning. One aspect of this strategy includes establishing a theory and style of leadership, which will best apply to the organization. The first to consider is the trait theory; “ Trait theory attempts to identify and prescribe individual characteristics and behaviors needed for effective leadership.” (Engleberg, I., and Wynn, D. 2003, Ch. 8, P. 180) Trait theory is the idea that leaders are born with certain character traits. However, someone possessing such traits does not suggest he or she would be an effective leader. Some of these traits are drive, self-confidence, and knowledge of the business. These are only certain leadership characteristics and behaviors that help in the quality of a leader.

The second approach to consider is the style theory to leadership. Such theory focuses on the actions of a good leader that includes three categories; autocratic, democratic, and laissez-faire. (Engleberg, I., and Wynn, D. 2003) Unfavorable leadership styles will hold back a team's functioning. These three categories are behaviors and styles related to team maintenance, task performance, and employee participation in decision-making; basically, the theory describes how a leader leads his or her team.

The third theory is the situational theory to leadership. This theory focuses on how a leader fits into his or her leadership tasks. Situational leadership considers the absence of traits and styles; the theory describes nearly everyone can become an effective leader. Under situational theory, leaders must analyzed themselves and adapt their styles to fit into the situation. (Engleberg, I., and Wynn, D. 2003) A leader in a team, the method of leading should be adjusted continually depends on the different situation and environment; a leader can not use the same method to lead his or her team without any changes. A good situational leader is the one that can quickly adopt different leadership styles based upon situational variable. In fact, situational theory expresses that an effective leadership depends on the situation at hand, which requires leader to interact with his or her team members.

The last two theories are functional theory and transformational leadership theory. Functional theory suggests that leadership is a job rather a person, and anyone in the team can assume leader's job at any time to perform the tasks and reach the goal. Functional leadership is an approach that focuses on how leadership occurs instead concentrates on who leads the team. Team

members at all levels can participate in leading the team to reach their goal or objective.

The transformational leadership theory looks at how leaders affect their team members in terms of how they motivate and transform their team members from self-interests to collective interests. (Engleberg, I., and Wynn, D. 2003) Transformational leaders are able to create trust, respect, admiration, and loyalty amongst their team members. As more works are becoming more knowledge based, which in turns demands highly skilled employees, and as leaders must realize that poor motivation is a lack of capability of the leadership not a lack of desire within employees. People with different needs are motivated differently.

Leadership in today's globalization business world demands a special skill set of skills because of the fast changing pace of business environment, unstable market situations, raised competitions, and changes in the labor force.

Successful leadership is vital to successful organizations, so it is crucial that today's leaders are well trained at using techniques that fit our globalization business world. As Larson, S. (1996) defined that " Leaders must have the ability to act in an interpersonally competent manner, yet they also need to learn the techniques of good listening, honest and open communication, delegating, conflict resolution skills, etc., It is generally accept that good leadership is essential to the functioning of an organization. Organizations are constantly seeking leaders with a set of skills at all levels, which can inspire team members to achieve goals and earn the loyalty of customers. Leadership is the process of interaction between situations among team members. Thus, an effective leadership is contingent upon a number of

variables, such as trait, leading styles, communications skills, conflict resolutions, and be able to motivate team members.

Each team member also has a role that specifies his or her contribution. Teams are set forth to establish roles to accomplish common goals. All team members should have a clear idea of their own roles, own duties, and responsibilities in the team and have a good understanding of how they contribute to achieve the team's goal. The role assigned to each team member should reflect individual strengths and interests as much as possible to maximize each member's contribute to the fulfillment of the team's objectives. It is important that the abilities and skills of the employees must have to be brought out in order to fully perform in their duties and obligations in the workplace. The more efficient the member is the better the drive to success of the team. A team member is usually chosen based on their expertise, qualities, and what he or she can provide for the team. Therefore, an effective leader should understand his or her team members strengths and weakness to properly assigned tasks.

## CONCLUSION

An organization will function effectively only if its personnel function not just as individuals but as members of effective and efficient performing work team. Leadership is a factor that contributes to effective team work. Leaders use their skills and techniques to lead their team members to achieve goals. Teams are not formed overnight, and creating a successful team is not an easy task. An effective leader should able to establishing a clear, compelling direction, creating an appropriate structure, selecting the right team

members, supporting the team, and providing opportunities for development.