Calibrating product launch through collaboration

Industrial companies are using collaboration and advanced technologies to help products reach market at the right place, right time

In this era of innovation – when change occurs at mach speed as a result of vanishing geographical and access barriers, as well as advances driven by wider global collaboration – a growing number of companies are focusing on managing product lifecycles. In the process, they are making substantial progress in introducing differentiated products and services to fuel top-line growth. They’re managing product lifecycle from discovery to end-of-life – and perfecting their product launches. They’re succeeding by meshing their supply chain activities and creating shorter cycles from invention to market, as well as teaming up across disciplines, specialties, technologies and expertise to engender success for their breakthroughs.

CEOs are expanding their views on the importance of innovation and how closely it ties to business performance. They rely on innovation to drive substantial organizational change and business growth, but struggle with how to build innovation into the business model, especially as they bring differentiating products and services to the global market. Innovative companies are developing new-product strategies to reduce costs, increase revenues and develop integrated, collaborative processes with often-global partners. They are paring costs by increasing the level of commonality of components, platforms and assets. They are improving speed-to-market. And, by building relationships with partners – including customers, suppliers, design engineers and service providers – they are managing product change and new, derivative product launches.

Product lifecycle management (PLM) is a set of capabilities that enables an enterprise to effectively and efficiently innovate and manage its products and related services throughout the entire business lifecycle, from conception through recycling or disposal. The IBM Institute for Business Value conducted research with executives from the U.S., German and Japanese automotive, aerospace and defense, electronics and industrial products industries to review comprehensive PLM processes.

Many of the executives we surveyed reported that effective product lifecycle management is difficult because of the sheer complexity of the processes. The most resounding change has been the effects of globalization now permeating the marketplace, cost structures and overall product lifecycle activities.

Current business practices have not kept up with the drivers of change needed to address the new product development situation that is growing increasingly more complex. According to a value chain survey by the IBM Institute for Business Value, 48 percent of products are launched late to market and 35 percent of products are over budget. The complications in today’s new product development cycle largely point to breakdowns in coordination, communication and other aspects of collaboration. From our recent value chain study, we found that collaboration ranked as the most significant influence on reducing product development time-to-market and successful launch processes (see Figure).
Organizations seeking to improve collaboration and, ultimately, gear their businesses to enable the perfect product launch need to understand that change and improvements are difficult, particularly when the focus is on getting multiple organizations to work together. Some of the characteristics of a collaborative perfect product launch include:

- Marketing campaigns synchronized with operations
- Supply, demand and production in sync to create proper inventory throughout the entire pipeline
- Distribution channels and partners are aligned to support variability in the supply chain structure and accommodate volume fluctuations
- Launch planning includes the entire lifecycle management
- Product introduction is on-time and on-budget.

Arguably, establishing operations that always deliver the perfect product launch may be difficult – as competitors, markets and customer’s changing requirements continually modify the landscape. There are many internal and external areas of expertise that must be coordinated including research and development, product design, engineering, manufacturing design, supplier management, logistics, inventory management and customer relationship management.

Collaboration is not a random or natural state for any organization – rather it must be a formal thrust, a planned, programmatic, purposeful endeavor that requires strategy, leadership, investment and resources. Companies willing to invest in collaboration have the opportunity to be leaders in new product development and, ultimately, will speed their journeys on the path to enabling the perfect product launch.