

## Analysis Effective Factors in New product development Using ANP Method in an Automotive Industry (Saipa industrial company)

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**Abstract:** In this study try to analysis Effective Factors in New Product Development using ANP Method. To identify critical influential factors, the authors studied and reviewed relevant literature from numerous fields of study associated with the essential issues of new product development. Results of the ANP method shows that Technological factors, Management and Staff factors, Commercialization factors, Organizational factors and Marketing factors are the most important factors in new product development.

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### 1. Introduction

Today's world is characterized by major changes in market and economic conditions, coupled with rapid advances in technologies. Management is often confronted with the dilemma whether or not to invest in a particular stage of the new product development (NPD) program, given market and technology uncertainties surrounding such a decision in current markets, most of all technology-driven or high-tech markets (Moriarty and Kosnik, 1989). The new product development (NPD) and innovation are often recognized as the key processes of competition in a variety of markets (Brown and Eisenhardt, 1995; Drucker, 1999; Hamel and Prahalad, 1994; Jones, 1997; McQuater et al., 1998). Today, markets are generally perceived to be demanding higher quality and higher performing products, in shorter and more predictable development cycle-times and at lower cost (Maffin and Braidon, 2001). NPD is defined as the transformation of a market opportunity and a set of assumptions about product technology into a product available for sale (Krishnan and Ulrich, 2001).

NPD is an interdisciplinary activity (Davila, 2000) including marketing management, organizations, engineering design, operations management and requires contributions from nearly all the functions of an enterprise, whether it is an upgrade (an improvement of an existing product) or a new concept either to the company or to the market (Haque et al., 2000). The core of the NPD process centers on knowledge, its creation, utilization and the management of knowledge. Within the context of the knowledge-base firm, knowledge has a critical strategic value since it fosters organizational actions and helps the firm establish sustainable competitive advantage. Organizational knowledge is a unique asset and a scarce commodity of an organization. Yet, creating,

replicating and transferring knowledge within NPD teams, between NPD teams, and between organizational units is difficult to carry out. Managing knowledge and knowledge creation is a complex task that gives rise to multiple organizing and management issues.

New product development (NPD) can originate from new technology or new market opportunities (Eliashberg et al., 1997). But irrespective of where opportunities originate, when it comes to successful new products it is the consumer who is the ultimate judge (Brown and Eisenhardt, 1995; Cooper and Kleinschmidt, 1987). So, in order to develop successful new products, companies should gain a deep understanding of 'the voice of the consumer'. Consumer research can be carried out during each of the basic stages of the NPD process: (1) opportunity identification, (2) development, (3) testing, and (4) launch (Suh, 1990; Urban and Hauser, 1993). It is most widely applied during the development, testing and launch stages. Even the most technologically oriented companies use consumer research to verify that consumers will accept a new product when it will be launched at the market. NPD can be considered as an incremental process in which incremental investments provide options to proceed in the process. Moreover, when the R&D stages are completed, the option of market launching the new product is created.

Virtual NPD in SMEs is in its infancy in developing countries, and little research has been done on the introduction of the NPD in SMEs through a virtual team. So, we formed the topic that is somewhat lacking in the literature as a research gap. For many firms innovation is an important business driver. This being the case, managers are pressed to design effective organisational structures to support these

activities – which unfortunately – also are widely known to be difficult to organize and manage.

## 2. New Product Development (Npd)

New product development (NPD) is crucial in various industries for shortening a product's time to market and for improving the product's quality. The literature provided a number of definitions for what constitute a new product development. Product development definition is used by different researchers in slightly different ways (Ale Ebrahim et al., 2009). Generally, it is the process that covers product design, production system design, product introduction processes and start of production (Johansen, 2005). Loch and Kavadias (2008) in the "Handbook of New Product Development Management" define NPD to "consists of the activities of the firm that lead to a stream of new or changed product market offerings over time. This includes the generation of opportunities, their selection and transformation into artifacts (manufactured products) and activities (services) offered to customers and the institutionalization of improvements in the NPD activities themselves".

New product development is widely recognized as an essential property of the firm (Lam et al., 2007). Life cycle of products is decreasing every year and the customer demand, on the other hand, increased dramatically. With the need to respond quickly to customer requirements, increased complexity of product design and rapidly changing technologies, selecting the right set of NPD is critical to long-term success of the firm (Chen et al., 2008). NPD can be defined as a process including many "generic decision" points, likewise "decision perspective" of Krishnan and Ulrich (2001). In their related work, Urban and Hauser (1993) recommend a five-step decision process for NPD: opportunity identification, design, testing, introduction and life cycle management.

New product development is of high importance for both large and small and medium

sized organizations (Pullen, de Weerd-Nederhof et al. 2008)." "Small- and medium sized organizations (SMEs) have a number of typical problems with regard to their innovation process, especially in the shift from the development stages to the commercialization stages (Hanna and Walsh 2002)." Product innovation work is mainly driven by market needs and ultimately external customers. Thus, the product innovation work is primarily effectiveness-driven. Respectively, process innovation work is mainly driven by the needs of production (i.e. internal customers) and can be said to

be primarily efficiency-driven. Important to note, these strict definitions and separation of product and process innovation activities do not, however, imply that there cannot be a combination of the two activities and objectives in an innovation project. There are a few investigators done to evaluate NPD performance. For example, (Cooper et al., 2004) discover different measures of NPD performance at the project levels and various plans (Cooper, Edgett et al. 2004). "Measures of the performance of the entire NPD program include the percentage of business profits from new products and the All of these measures show that NPD brings positive growths. With some exceptions, there is general agreement that the new product development (NPD) process is not adequately studied in small and medium enterprises (SMEs) and models and tools specifically focused for these units are lacking. This deficiency is particularly evident where SMEs located in industrial districts are concerned (De Toni and Nassimbeni 2003)."

## 3. Effective Factors in New Product Development

Proficiency in NPD can contribute to the success of many companies. According to Poolton and Barclay (1998), 'if companies can improve their effectiveness at launching new products, they can double their bottom line. It's one of the areas left with the greatest potential for improvement.' Lynn et al. (1999) developed a model of the determinants of new product development success. Lester's (1998) study identified a range of potential problems that can derail well-intentioned NPD efforts. By working through these problems, Lester discovered 15 CSFs in five areas of new product development. Poolton and Barclay (1998) identified a set of six variables that have consistently been identified in the literature as being associated with successful NPD. Cooper and Kleinschmidt (1995) studied hundreds of cases to reveal what makes the difference between winners and losers in the process of NPD. He extracted 12 common denominators of successful new product project and seven possible reasons (blockers) offered by managers for why the success factors are invisible and why projects seem to go wrong or are otherwise not well executed.

Based on the previous literature review, we focus on five main aspects including Management and Staff , Technical factors, Marketing factors, Organizational factors and Commercialization. From these main aspects, 21 Effective Factors in New product development are maintained. The classification of those main Criteria and their Sub-Criteria are shown in Table 1.

**Table 1. Effective Factors in New product development**

Criteria	Sub-Criteria	Reference
Management and Staff	Senior management commitment	Lynn et al. (1999), Lester (1998), Poolton and Barclay (1998), Cooper (1999) Sun and Wing (2005)
	Flexibility and responsiveness to change	Cooper (1999) Sun, Poolton and Barclay (1998)
	Motivation in Product development team members	Poolton and Barclay (1998)
	Risk in decision-making	Haverila (2012), Poolton and Barclay (1998)
Technical factors	Technical capabilities	Cooper (1999) Sun and Wing (2005), Poolton and Barclay (1998)
	Product Production in Appropriate Time and cost	Cooper (1999), Sun Lynn et al. (1999) and Wing (2005), Lester (1998)
	Clear definition of the functions of the product	Cooper (1999) Gupta and Wilemon (1990)
	Technically difficult to replace	Sun Lynn et al. (1999), Lester (1998)
Marketing factors	Appropriate Marketing strategy	Lester (1998), Haverila(2012), Ernst Holger (2002)
	Focus on the customer	Cooper (1999) Sun, Wing (2005), Haverila (2012), Ernst Holger (2002)
	A growing market	Poolton and Barclay (1998), Ernst Holger (2002) Sharma (2006)
	Clear definition of the target market	Lester (1998), Cooper (1999) Sun and Wing (2005), Ernst Holger (2002)
Organizational factors	Long-term vision	Cooper (1999) Sun and Wing (2005)
	Different levels of cooperation	Cooper (1999), Haverila (2012), Haverila (2012), Wing (2005)
	Entrepreneurial culture in the organization	Wing (2005), Poolton and Barclay (1998)
	The time of replacement	Sun Lynn et al. (1999), Lester (1998)
	Appropriate timing for the project	Haverila(2012), Cooper (1999) Sun and Wing (2005)
Commercialization	Product Scores than competitors	Sun Lynn et al. (1999), Sharma (2006)
	Resources to implement the project	Lester (1998), Cooper (1999) Sun and Wing (2005)
	product developed Scores than The old type	Sun Lynn et al. (1999)
	Generating good ideas by Expert Groups	Wing (2005), Haverila(2012), Sun Lynn et al. (1999), Lester (1998)

#### 4. ANP method

ANP approach comprises four steps (Saaty, 1996; Chung et al., 2005; Yüksel and Dağdeviren, 2007):

##### Step 1: Model construction and problem structuring

The problem should be stated clearly and decomposed into a rational system like a network.

##### Step 2: Pairwise comparisons and priority vectors

In ANP, pairs of decision elements at each cluster are compared with respect to their importance towards their control criteria. In addition, interdependencies among criteria of a cluster must also be examined pairwise; the influence of each element on other elements can be represented by an eigenvector. The relative importance values are determined with Saaty's scale.

##### Step 3: Super-matrix formation

The super-matrix concept is similar to the Markov chain process. To obtain global priorities in a system with interdependent influences, the local priority vectors are entered in the appropriate columns of a matrix. As a result, a super-matrix is

actually a partitioned matrix, where each matrix segment represents a relationship between two clusters in a system.

##### Step 4: Synthesis of the criteria and alternatives' priorities and selection of the best alternatives'

The priority weights of the criteria and alternatives can be found in the normalized super-matrix.

#### 5. Data analysis

In this study the ANP method is used to Prioritization Effective Factors in New product development. In this section, an empirical study is presented to illustrate the application of the solution for Prioritization Effective Factors in New product development. the ANP model for the criteria and sub-criteria of affective on new product development is shown in figure 1, that is drawn using SUPER DECISION software. The calculations of the super-matrix can be solved by using Microsoft Excel. The weighted super-matrix and the limited super-matrix are shown in tables 2 and 3, respectively. Also, final

prioritization of criteria and sub-criteria is shown in table 4. In terms of criteria we have considered four items of the Technical factors, Management and Staff, Commercialization, Organizational factors and Marketing factors and the normalized weights of these factors are 0.269, 0.231, 0.197, 0.168 and 0.136 respectively. In other words, Technical factor is the most important factor, followed by Quality, Flexibility and

Delivery time. As we discussed, this items includes 21 sub-criteria. The normalized weights of sub-criteria are shown in table 3. Technical capabilities is the most important sub-criteria with weight of 0.0879, followed by Motivation in Product development team members with weight of 0.0851, Resources to implement the project with weight of 0.0743 etc.

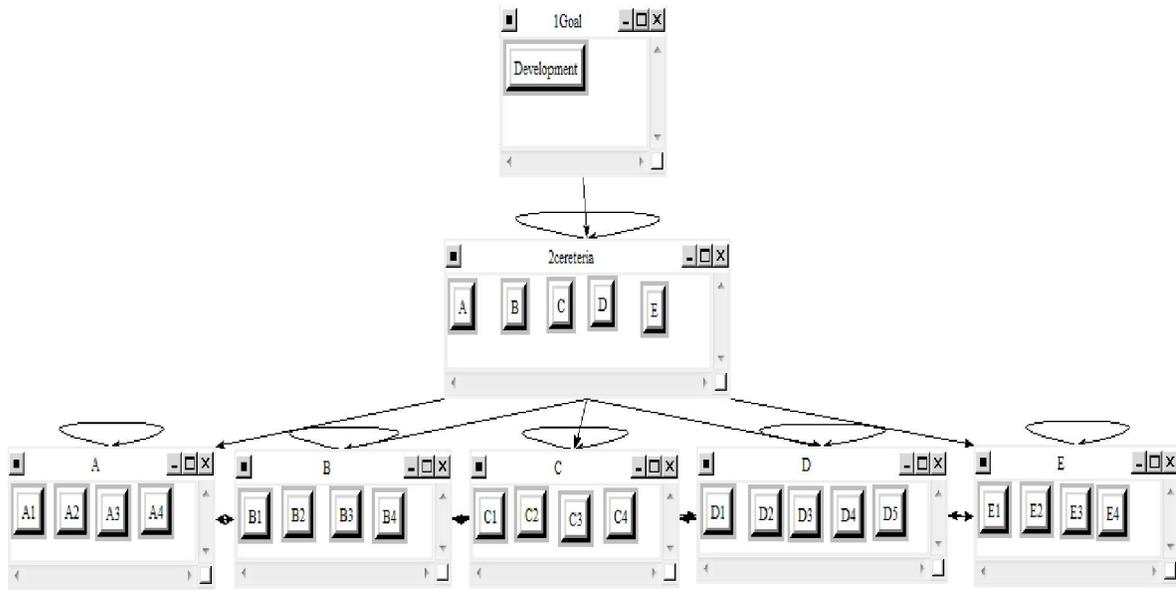


Figure 1. the ANP model for the criteria and sub-criteria of affective on new product development

Table 2. The Weighted Super-matrix

	A	B	C	D	E	A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4	D1	D2	D3	D4	D5	E1	E2	E3	E4
A	0.083	0.214	0.121	0.102	0.115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B	0.113	0.065	0.120	0.088	0.097	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C	0.116	0.127	0.142	0.085	0.076	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D	0.099	0.204	0.074	0.062	0.111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E	0.080	0.123	0.154	0.082	0.104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A1	0.354	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A2	0.206	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



**Table 3. The Limited Super-matrix**

	C3	C2	C1	B4	B3	B2	B1	A4	A3	A2	A1	E	D	C	B	A	
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	A
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	B
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	C
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	E
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	A1
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	A2
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	A3
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	A4
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	B1
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	B2
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	B3
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	B4
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	C1
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	C2
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	C3
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	C4
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D1
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D2
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D3
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D4
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	D5
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	E1
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	E2
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	E3
0.015	0.045	0.017	0.032	0.021	0.024	0.065	0.019	0.062	0.041	0.052	0.041	0.041	0.035	0.028	0.056	0.048	E4



Entrepreneurial culture in the organization (D3)	0.038	0.0523	<b>8</b>
The time of replacement (D4)	0.020	0.0276	<b>18</b>
Appropriate timing for the project (D5)	0.025	0.0344	<b>14</b>
Product Scores than competitors (E1)	0.028	0.0386	<b>13</b>
Resources to implement the project (E2)	0.054	0.0743	<b>3</b>
product developed Scores than The old type (E3)	0.036	0.0495	<b>9</b>
Generating good ideas by Expert Groups (E4)	0.049	0.0673	<b>5</b>

## 6. Conclusion

In this study try to analysis Effective Factors in New product development Using ANP Method. Results of the ANP method shows that Technological factors, Management and Staff factors, Commercialization factors, Organizational factors and Marketing factors are the most important factors in new product development.

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