

## **Chapter 8: Answers to Questions for Review and Discussion**

1. Review the generalized Product Life Cycle as shown in Exhibit 8-1. How well does the PLC model work for rapidly changing technologies? Markets? Why?

*The PLC model works as well in rapidly changing technologies and markets as in others, but the diffusion process and the time lapse between stages can be greatly accelerated because of the new learning and adaptation of changing technologies, e.g. Beta vs. VHS in videotape, DVD vs. memory sticks, etc.*

4. How does the fast pace of markets impact make or buy decisions?

*The fast pace of markets impacts make-or-buy decisions by shortening developmental times, thus forcing a buy decision; additionally, there are often circumstances when the costs of a new component and/or its relative uniqueness can impact upon timing of a product's entry into a competitive market, creating rapid make or buy decisions*

5. What are the implications of outsourcing significant parts of an offering that will have a very long maturity stage in its PLC?

*The implications of outsourcing significant parts of an offering that will have a long maturity phase in a PLC may, in part, be the strategic determination that a relatively stable price for an out-sourced part is paramount in a PLC period where profit maximization is a central element. Conversely, in a relatively long maturity phase, scale economies from in-house production may offset this, and the phase length will reduce any capital investment costs. Further, outsourcing significant parts of an offering in a lengthy maturity phase may conceivably control the outsourcing manufacturer's production of that part, creating a dependence of the supplier on the manufacturer with the offering*

6. What are the implications of vertically integrating to provide most all of the elements of value for a product category that competes in a highly competitive technology market?

*The reasons for vertically integrating to provide most/all elements of value for a category competing in a high technology market include consistency in control, output and strategic follow-through with possibly better fulfillment. Vertical integration may create inflexibility, though. A value network may be able to provide the needed technology and enough flexibility to adapt to radical changes that occur in the evolution of the technology.*

7. What role does marketing play in the new product development process? What are marketing's responsibilities?

*The Role of Marketing:*

- *Understand the technology in depth*
- *Define and redefine current and future customer needs*
- *Motivate other company departments and organizations*
- *Screen and select ideas from all sources*
- *Guide the new product development with the continuous redefinition of current and future customer needs already noted*
- *Reward the efforts of the technical and support staff*
- *Catalyze company resources to get the right talent on the job – be willing to cross traditional company boundaries*

*Also,*

*The role of marketing in the new product development process begins with the initial offering definition, provided marketing has the appropriate feed-back on buyer needs. It is the marketer's role to represent customers in the new product development process. In many cases, this will involve managing the relationship with a collaborating customer who is involved in the design and development of a new product. Further, effective marketing will be able to transfer changes in needs over time into the product development process. Inherent in this, however, are the necessary marketing skill levels in understanding product and corporate capabilities, the ability to continually redefine against future needs, acumen at motivating teamwork between corporate disciplines, knowing how to implement effective screens, and assuring confidence that the directions being taken are well thought out within the market's parameters*

8. How are the attitude and culture of the new product development team related to the number of successful developments?

*The attitude and culture of new product teams will be related to overall success rates when the atmosphere and discipline are open and inquisitive, not hide bound by myopia or politics within an organization; successful teams will include a wide range of corporate functions, risk-taking, and will establish consensus as best as possible given the appropriate evidence for success or failure as it develops through the development process*