

## 9.2: Global Product Development

### Learning Objectives

After reading this section, students should be able to ...

1. appreciate the fundamentals of global product development

Globalization pressures have changed the practice of product development (PD) in many industries in recent years. Eppinger and Chitkara (2006). Rather than using a centralized or local cross-functional model, companies are moving to a mode of global collaboration in which skilled development teams dispersed around the world collaborate to develop new products. Today, a majority of global corporations have engineering and development operations outside of their home region. China and India offer particularly attractive opportunities: Microsoft, Cisco, and Intel all have made major investments there.

The old model was based on the premise that colocation of cross-functional teams to facilitate close collaboration among engineering, marketing, manufacturing, and supply-chain functions was critical to effective product development. Colocated PD teams were thought to be more effective at concurrently executing the full range of activities involved, from understanding market and customer needs through conceptual and detailed design, testing, analysis, prototyping, manufacturing engineering, and technical product support and engineering. Such colocated concurrent practices were thought to result in better product designs, faster time to market, and lower-cost production. They were generally located in corporate research and development centers, which maintained linkages to manufacturing sites and sales offices around the world.

Today, best practice emphasizes a highly distributed, networked, and digitally supported development process. The resulting global product development process combines centralized functions with regionally distributed engineering and other development functions. It often involves outsourced engineering work as well as captive offshore engineering. The benefits of this distributed model include greater engineering efficiency (through utilization of *lower-cost* resources), *access to technical expertise* internationally, more *global input to product design*, and greater *strategic flexibility*.

### Source

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