IMPACT OF INNOVATION ON NEW PRODUCT DEVELOPMENT IN INDIA

Nitish Ghune
Patel College of Science and Technology, Indore (MP) India
nitishghune@yahoo.com

Hitendra Bargal
Patel College of Science and Technology, Indore (MP) India
f08hitendra@iimahd.ernet.in

Manish Phalke
Patel College of Management, Indore (MP) India
manish.phalke@gmail.com

Bhanu Saxena
Patel College of Management, Indore (MP) India
saxena_bhanu@rediffmail.com

Santosh Kumar Yadav
Patel College of Management, Indore (MP) India
Santosh18yadav@gmail.com

Ashish Sharma
University Institute of Management, RDVV, Jabalpur (MP) India
ashu72_sharma@rediffmail.com

Rajeev Shukla
School of Business Management,
Shri Vaishnav Institute of Technology and Science, Indore (MP) India
rajeevujn@sify.com

ABSTRACT

In today's turbulent environment, continuous improvement and effective design and change have become requirement for all organizations. As a result, designing and managing organizational change has been a frequently studied topic over the last few decades. Co-operation of marketing managers with new product project managers in an organization by creating a frame work consistent with the reduction of related risk leads to the development of an organization's product and increasing its market share. However, the *innovation* is a process of developing some principles for managing new product development. Approach of any organization depends on its decision-making process which affects how its business system develops and performs in the dynamic scenario. This paper considers general, but fundamental, approaches to decision-making process and innovative marketing management practices, their effects on new product development and finally its influence on business systems.

Key Words: Innovation, Product Development, Marketing Strategies, Business Systems

INTRODUCTION

The 21st century model of designing and managing companies, which emphasized hierarchy and the importance of labor and capital inputs, not only lags behind the need for companies today to emphasize collaboration and wealth creation by talented employees but also actually generates unnecessary complexity that works at cross-purposes to those critical goals. The executives will respond to this challenge by bringing the same energy to innovative management that they now bring to innovative products and services.

The companies should respond to uncertainty by determining the level of flexibility. Improving managers' skills for making decisions under uncertainty can help them to make a right decision under such situations. Mistakes and errors profoundly affect the companies' goals and are costly. When facing uncertainty, decision-makers should eliminate mistakes by decreasing flexibility and simplifying decision-making.

RESEARCH OBJECTIVE

This paper introduces a process which develops some principles for managing new product development. A company's approach to decision-making affects how its business systems develop and perform. This paper considers general, but fundamental, approaches to decision-making process for new product development and its influence on business systems. This approach embraces complexity, gives decision many degrees of freedom and adjusts to mistakes. Rules and policies simplify the system, constrain making, and keep employees from making mistakes.

RESEARCH METHODOLOGY

The research methodology in this study is library method. In today's turbulent environment, continuous improvement and effective design & change have become requirements for all organizations. As a result, designing and managing organizational change has been a frequently studied topic over the last decade). Yet, literature suggests that about 70% of all change initiatives fail (Beer & Nohria, 2000), clearly indicating despite the wealth of methodologies and guidelines for change that are available today, we still know less than we should. The study points to the critical role of creating visibility for change as well as the importance of the infrastructure supporting changes. It is ascertain that the findings support the needs for degree of freedom and adjusts to mistakes that explicitly consider the role of marketing departments in product development and changes.

INNOVATIVE MARKETING MANAGEMENT

The principle of innovative marketing management requires that the company continuously seek new product and marketing improvements. The companies that overlook new, better and fast ways to do things will lose customers in the course of time. Innovative marketing management practices and their effects on product development can be classified as follow:

- To establish a marketing research department.
- To emphasize on team work and mobilizing employees' minds.
- To give the importance to employees' talents and their suggestions.
- To create a system of decision-making for product development under uncertainty.

a. To establish marketing research department

The major functional areas of business are marketing, production, finance and human resource management. The information technology is usually an enable for all the functional areas. Marketing research department plays an important role in business. It helps for deciding on the marketing strategy for product development by providing necessary information for choosing an appropriate strategy.

b. To emphasize on team work and mobilizing employees' minds

The following are the main advantages of team work:

- Group deliberation and judgment.
- Impersonal decisions.
- To motivate the employees.
- Detailed study and analysis.

One of the most important advantages of team work is mobilizing the employees' minds.

c. To give the importance to employees' talents and suggestions

It creates an environment which will make the employees to be initiative, dynamic, Co-operative, enthusiastic and being satisfy with their jobs. It motivates employees to contribute in developing new products by gathering their suggestions and using their talents.

d. To create a system of decision-making for product development under uncertainty

When faced with complex or unfamiliar choices, individuals frequently appear to employ simplified decision rules, which have lower requirements for information processing (Heiner 1983). Decision heuristics have been the focus of considerable research. Some researchers have focused on attempts to explain the mental processes, or frameworks that result in selection of a particular decision strategy, and others have considered the roles of task and context effects in decision strategy selection (payne 1982).

Heiner (1983) proposes a theory of strategy selection, based on the idea that complex decision environments result in a gap between the competence, or cognitive ability, of the decision maker and the difficulty of the decision. They may produce less desirable results than simpler decision strategies. Thus, although optimizing strategies are more flexible, the complexity of a decision may preclude the use of all available information. Heiner constructs a "reliability condition," which establishes a rule for use of particular decision strategies. This condition implies that when optimizing strategies are not sufficiently reliable to produce a benefit from increased choice flexibility, they are excluded from the set of strategies to be considered. Heiner states that "when genuine uncertainty exists, allowing greater flexibility to react to more information or administer a more complex repertoire of actions will not necessarily enhance an agent's performance" (1983, 563). Under these conditions, individuals choose to restrict the choice set of responses or the information to be processed by using simplified decision rules. Hence, Heiner hypothesizes that uncertainty may result in behavior that is more systematic and predictable, rather than behavior that is less consistent. Heiner's theory considers the impact of decision errors (mistakes). Errors are costly, and when facing uncertainty, decision-makers should eliminate them by decreasing flexibility and simplifying decision making.

To provide an overview of risk management and essential concepts it is necessary to the term "risk" which can be interpreted in number of different ways. Because of these many possible interpretations, there are different definitions of risk and risk management in the context of New Product Development (NPD) projects. Those definitions are:

Risk - the possibility that an undesirable outcome or the absence of a desired outcome disrupts your project.

Risk Management – it is the activity of identifying, analyzing and controlling undesired activities proactively.

The risk has both down and up sides. It is an important perspective and suggests that as a project manager, you should not limit the risk management to just the potential bad things, but pay attention to potential good things as well.

Proactive Risk Management – It is the activity of identifying and controlling undesired project outcomes proactively.

Why the companies often fail to control the risk? How much risk is enough?
There should be a distinction between “risk management” and “fire fighting”. The goal here is to clarify our thinking about the components of risk and to present the strengths and weaknesses of it. The standard risk model's components include risk event, risk event driver, probability of risk event, impact of a risk, impact driver, probability of impact, and total loss. The steps described are:

- Risk analysis
- Risk prioritization and mapping
- Risk resolution
- Risk monitoring

The general approach addresses the suitable strategies for dealing with risk and provides much needed help for dealing with the organizational issues that emerge when trying to bring a new product development.

CONCLUSION

Co-operation of marketing managers with new product project managers in a company by creating a frame consistent with the reduction of related risks lead to the development of product and increasing its market. Today company’s aim is to emphasize on collaboration and wealth creation by talented employees. One of the most important advantages of product development teams is mobilizing the employees' minds. Complex decision environments results in a gap between the competence, or cognitive ability, of the decision maker and the difficulty of the decision. Errors are costly, and when facing uncertainty, decision-makers should eliminate them by decreasing flexibility and simplifying decision-making. Creating a system of decision-making for product development under uncertainty should follow a systematic process of identifying, analyzing and responding to project's risk. There should be a distinction between “risk management” and “fire fighting” and discuss how much risk is enough. The companies that overlook new, better and fast ways to do things will lose customers in the course of time.

REFERENCES

Heiner, Ronald, A. (1983), "The Origin of Predictable Behavior," American Economic Review, September, 73.

Kaiser (1966), "You and Creativity" Aluminum news, vol. 25, no. 3.

George R. Terry (1875), "Principles of Management", Homewood, Ill.: Richard D .Irwin,pp..227.

Summers and D .E. White (1976), "Creativity Techniques: Towards Improvement of Decision process", The Academy of Management Review, vol.2, April, pp. 99-107.

Newton Square (2000) "A Guide to the Project Management Body of Knowledge", Pennsylvania: Project Management Institute, pp. 76.

American Heritage Talking Dictionary (1997), The Learning Company, Inc.

Michael Beer, Nitin Nohria (2000), eds. Boston: Harvard Business School Press.

Morris, Altman (2006), "Handbook of Contemporary Behavioral Economics: Foundations and Developments", M.E. Sharpe.

Payne, J.W. (1982). Contingent decision behavior. Psychological Bulletin, 92, 382-402.