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An Empirical Study of Important Dimensions of New Product Development Practices in Small to Medium Enterprises in New Zealand

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EXECUTIVE SUMMARY

The New Zealand innovation sector is dominated by Small to Medium Enterprises (SMEs). SMEs make up more than 97% of all businesses and account for about 30% of total employment. There is, however, limited research available on the New Product Development practices of these companies. For New Zealand to compete with major economies of the world, investment in innovation is paramount. This can be achieved by effective management of New Product Development practices and systems.

This report presents findings of the research based on the “Establishing an NPD best practices framework” survey which was designed to conduct similar studies in the US, UK and Ireland (Kahn, Barczak and Moss 2006). The study identified seven dimensions of New Product Development practices – strategy, process, research, project climate, company culture, metrics & performance measurement and commercialisation. The survey was designed to measure the relative importance of each of the seven dimensions. The survey further listed various characteristics under each of the seven dimensions and respondents were asked to identify which of these constituted poor, good, better and best practices.

Strategy was ranked the highest among the seven dimensions followed by commercialisation, research, company culture, process, project climate and metrics. The results were broadly consistent with those from the US, UK and Ireland which ranked strategy the highest and metrics the lowest. Commercialisation was ranked the second most important dimension where as in the US, UK and Ireland studies, research was ranked above commercialisation.

Respondents indicated that a formal strategy helped reduce processing time. Decisions were taken quickly because the head of the firm was directly involved in the product development process. A vision statement for the company which

incorporates NPD was also cited as an important part of the overall NPD strategy. This includes “well-defined NPD goals and long-term strategic support for NPD projects”.

The study also considered the characteristics of the seven dimensions of NPD. Respondents were asked to review those characteristics and indicate whether they reflected a Poor, Good, Better or Best NPD practice. The US, UK and Ireland samples indicated that poor practices were more well-known than best practices were each of the seven dimensions. There was one significant difference between NZ results and those from the US, UK and Ireland. NZ professionals identified best practices for the Metrics dimension. This indicated that even though Metrics as a dimension ranked the lowest among the seven for NZ professionals, there was a general awareness of the characteristics that constitute best and poor practices for this dimension.

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