CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The product development and commercialization process requires effective planning and implementation throughout the supply chain, and if managed properly can provide a sustainable competitive advantage. Long-term success in today’s business largely depends on the ability of a firm to develop and move their products in a faster, efficient manner compare to their competitor (Cooper & Kleinschmidt, 1987). Although the ability to successfully create new product is multidisciplinary in nature (Olson, 2001), the main requirement for product development and commercialization is to integrates both customers (Karkkainen & Piippo, 2001) and suppliers (Schilling & Hill, 1998) into the process so that they can shorten product/service’s time to market (Rogers, 2004). According to Droge et al. (2000): “The ability to reduce time to market is the key of a firm’s success in term of innovation and profitability as well as playing a critical roles in the process objective.” In other word, the ability to successfully developed and moved the “right” products must involves the effort to combine the perspective of a customer and supplier into the product development and commercialization in order to maintain firm’s competitiveness within their competition and determine firm’s positions in the future marketplace.
Hence, it is clear that product development and commercialization process requires the integration of customers and suppliers, and, the alignment of their activities into the entire supply chain. As product development and commercialization is only one of the eight supply chain management processes, which also indicates the need for the process to interact with the other seven supply chain processes. As stated by The Global Supply Chain Forum (2009), an overview of the study which comprises of all supply chain management processes is provided in the next section. For study purposes, Kentucky Fried Chicken (KFC) Malaysia Holding is picked as the source of information to demonstrate the effect of product development and commercialization (both strategic and operational sub processes) on organization’s competitive advantage.

1.2 BACKGROUND OF STUDY

In order to allow for the integration of key business process across the supply chain in today’s business world, an effective supply chain management is becoming increasingly important. Another words to put it, efficiency and effectiveness in current business environment is driven through the linkage and integration of all supply chain processes. Supply chain management developed and used by the Global Supply Chain Forum (GSCF) (Lambert et al., 1998) stated that: “[The] supply chain management is the integration of key business processes from end user through original suppliers that products, services, and information that add value for customers and other stakeholder.” (Croxton et al., 2001). Eight supply chain processes that need to be implemented within and across business firms to yield an effective supply chain management is shown in Figure 1.1.
- **Customer relationship management** – establish practices, strategies and technologies that companies use to manage, record and evaluate customer interactions in order to drive sales growth by deepening and enriching relationships with their customer bases.

- **Supplier relationship management** – construct the structure to manage supplier base within a firm, which to be more precise, involves the effort of the executing firm and their suppliers in establishing product / service agreements.

- **Customer service management**– management of company’s interaction with their clients, which include the establishments of product / service agreements, and, gives important information to customer in regard to their products or services.