

CONTROLLING NEW PRODUCT DEVELOPMENT USING FINANCIAL AND NONFINANCIAL PERFORMANCE MEASURES

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Abstract

This study focuses on measurements used by executives and product design managers to evaluate the performance of individual product designers, the product design function, and product development teams. Primary data were collected from design managers at two workshops and via a questionnaire. The results suggest that firms that design and produce new products use varied financial and nonfinancial measures. Financial measures are mostly used to evaluate the performance of the product design function and the product development team; nonfinancial measures are used to evaluate individual designers in addition to the product design group and development team. Of the financial measures, product cost was most important in terms of current and desired emphasis. Of the nonfinancial measures that were considered desirable, the alignment between product design and corporate strategy was considered quite important, but was not consistently applied. This research suggests significant opportunities for improvement exist in design performance measurement.