Exploring Environmental New Product Development through the Three Dimensional Concurrent Engineering Approach

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Abstract Supported by concurrent engineering, three dimensional concurrent engineering (3DCE) is a simple yet powerful model of NPD in which the traditional focus on an appropriate match between product and process is augmented by an additional consideration of supply chain configuration. Adopting a cross-disciplinary perspective, this paper contends that 3DCE based approaches can be effectively used to integrate environmental considerations into the NPD process. The synergy provided by 3DCE will aid in the successful integration of environmental considerations and allow organisations to meet apparently conflicting goals of sustaining the environment while satisfying corporate profitability objectives and providing excellent new product performance. This paper presents the results from an in-depth study of 3DCE theory, explores its impact on the integration of environmental considerations into the NPD process and maps its benefits onto environmental NPD (ENPD). The reviewed literature shows how ENPD would be improved through the addition of green supply chain design to environmentally responsible manufacturing and eco-design; which can be referred to as E-3DCE. The research then proceeds to show supply chain information sharing as a crucial new element that is required in the implementation of E-3DCE based approaches which can be fulfilled through supply chain mapping and the use of supply chain information sharing portal.

1. Introduction

As organisations experience increased social and regulatory demands to behave in an environmentally conscious manner on a global scale, environmental impact is fast becoming a factor considered on par with cost, functionality and value during the product development process. Against this back drop, some organisations are enhancing their competitiveness by improving their environmental performance through the mitigation of the environmental impact of their production and service activities (Bacallan, 2000). However, these new requirements are often viewed as mandates or burdens that slow development while ramping up cost, detracting from the main business of the company. As a result, environmental aspects are often considered an afterthought, resulting in delays and added costs as changes are made after the late addition of environmental requirements into the development process (Handfield et al., 2001, Ellram et al., 2008a). With its roots in concurrent engineering; three dimensional concurrent engineering (3DCE) holds great promise for the early integration environmental considerations into the product development process. Defined as the simultaneous development of products, processes and supply chains; since its inception, 3DCE has been credited with many potential benefits, including reduced costs, reduced time to
Using 3DCE as a platform, the purpose of this paper is to explore ways in which incorporating environmental considerations into the NPD process can have a positive or neutral impact on the new product development process, cost, and timeliness, while simultaneously meeting or improving upon environmental goals. The ideas presented forward in this paper are based on an in depth study of literature and theories relating to and supporting 3DCE where conceptual support for the strong relationship between 3DCE and ENPD is provided.

1.1 Three Dimensional Concurrent Engineering: The Missing Link

Following the success of Japanese companies in the 1980s, based on their attainment of competitive advantage through manufacturing, western managers came to the realisation that in order to achieve improved manufacturing performance, they had to stop focusing solely or primarily on the factory but rather shift to concurrently designing the product and the manufacturing process – that is, designing the product for manufacturability (Fleischer and Liker, 1997, Nevins and Whitney, 1989). 3DCE is an extension of this concept, augmenting the concurrent design and development of product and manufacturing process with that of supply chains. 3DCE can be viewed as the integration of core competences of a manufacturing firm to achieve competitive advantage; its three aspects must be treated as a single, fully integrated capability and managed concurrently rather than as separate functions. It is almost such that the strategic nature of supply chain design advocates for its integration with product and process development (Fine, 2000). With concurrent engineering becoming commonplace enough to no longer provide a source of competitive advantage, 3DCE offers organisations the next level of breakthrough in improving performance. Since its inception, 3DCE has been credited with many potential benefits, including reduced costs, reduced time to market, improved supplier integration and improved quality (Fine, 1998, Balasubramanian, 2001), which are generally NPD goals.

1.2 The Next Source of Advantage: Environmental Sustainability

For both prosperity and maintaining economic growth, firms are increasingly aware of the importance of being ahead of the next so-called ‘waves’ of innovation. Being able to accurately predict and prepare for the next wave of innovation gives firms the opportunity to become competitive through the attainment of the first mover advantage (Lieberman and Montgomery, 1988). A combination of a significant array of relatively new and emerging technologies and a recognised genuine need in the market that is leading to a market expansion is required in order for a wave of innovation to occur. Today, there is a critical mass of enabling technologies that make integrated approaches to sustainable development economically viable; added to increased regulation through, for instance, the ratification of the Kyoto Protocol, and the EU directives on waste and hazardous substances, this suggest that the next wave of innovation will be in environmentally sustainable development (Hawken et al., 1999, Hargroves and Smith, 2005). With the next industrial revolution predicted to be driven by the emerging need for simultaneous
productivity improvement while significantly reducing impacts on the environment, firms that work to address sustainable development can position themselves to be at the forefront of the next wave of innovation. Combined with the already increasing social and regulatory demands that organisations are facing to behave in an environmentally conscious manner, 3DCE holds great promise for the early integration of environmental considerations into the product development process; combined with the competitiveness potential that environmental performance offers, it can be argued that this is where the true value of 3DCE lies. The following sections will present literature, frameworks and visualisations of 3DCE and environmental three dimensional concurrent engineering (E-3DCE), along with models of the dynamics and factors at play during the integration of environmental considerations into the new product development process and required support mechanisms. Collectively, they provide support for the premise of 3DCE’s value in ENPD.

2. Framework for 3DCE
Fundamentally, the concept of 3DCE is the consolidation of product design, process design and supply chain design. Various links exist between and among these three base concepts, some of these are shown in Figure 1. Figure 1 tries to capture visually the many ideas of 3DCE and shows in more detail the interface points and key issues.

![Figure 1: Visual Representation of 3DCE (Ellram et al. 2007)](image)

3. Applying 3DCE to ENPD: Environmental 3DCE
With ENPD practices such as eco-design and environmentally responsible manufacturing (ERM) requiring the co-operation of the entire supply chain (Puraji et al., 2003), the importance of the early consideration of supply chain aspects increases incredibly. Through early supply chain design, specific information pertaining to the product’s supply chain and characteristics of components and materials from the supply base is available during the design phase. It is this
availability of information that can allow for various environmental assessments to be carried out, which are as accurate as possible as they will be based on supply chain specific information. Additionally, effects of making alterations to the product’s supply chain can be seen in real time as the product is being designed. The availability of this information allows for certain environmental considerations and assessments to be made during the product’s development and not after product design has been completed. An example of how information sharing can aid ENPD is as follows: a member of the supply chain provides information regarding a component, including weight of component, geographical location of the production plant and transport used to ship it. When the designer selects this component during the design process, they can get access to information regarding the transport scenario associated with the part. This information be used as part of calculations such as the environmental impact (S-LCA) and cost (S-LCC), giving the designer real time environmental feedback regarding the product being designed based on the use of different components from different suppliers.

As is currently common practice, environmental considerations can be integrated into the product development process without the use of the 3DCE approach; however, this will likely result in the neglect of supply chain design. Failure to explicitly integrate supply chain design as part of ENPD will likely result in increased costs and reduced performance (Ellram et al., 2008b). Just as 3DCE can be broken down into its three foundation concepts, E-3DCE, which is 3DCE with the added element of environmental considerations, can also be broken down into three founding concepts as shown in Figure 2.

![Figure 2. Transition from 3DCE to E3DCE](image)

4. Theory Building for Environmental 3DCE
The nature and state of 3DCE research and industry implementation is such that, to increase its adoptability it is necessary to not only add to the existing 3DCE theoretical framework but to develop support to aid in the real life implementation of the practice. E-3DCE can be seen as being made up of eco-design, ERM and green supply chain design (GSCD); Figure 3 illustrates this through a version of the 3DCE model that has been adapted to show E-3DCE. A summary linking ENPD literature to product, process, design and 3DCE is provided in Table 1.
Figure 3. Visualisation of E-3DCE (Modified from (Ellram et al., 2008b))

<table>
<thead>
<tr>
<th>Environmental Lit. Stream</th>
<th>Relationship to 3DCE</th>
<th>Some Contributing Authors</th>
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<tr>
<td><strong>Process Design</strong></td>
<td>Involves the reduction of the source of waste through production process and operational process changes including improved inventory management, procurement, and transportation. A sustainable process focus may result in improved process consistency and quality, reduced downtime, lower costs and lower waste.</td>
<td>(Sabatini, 2000, Porter and van der Linde, 1995, Walton et al., 1998, Pil and Rothenberg, 2003, Dault, 2002, Gungor and Gupta, 1999)</td>
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<td><strong>Supply Chain Design</strong></td>
<td>Focus on the impact of the firm’s activities outside of the firm's boundaries including supplier involvement, evaluation, and audit, customer demands and concerns, stakeholder perspectives, early supplier integration (ESI), and improved demand information. Consider the impact of incoming components as well as outgoing products.</td>
<td>(Sarkis, 2003, Rao and Holt, 2005, Walton et al., 1998, Carter and Narasimhan, 2000, Handfield et al., 2002, Hervani et al., 2005, Chen, 2001)</td>
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<tr>
<td><strong>Integration of product, process and supply chain</strong></td>
<td>Sustainable products and processes are designed simultaneously with supply chain member participation while giving consideration to the entire product lifecycle. Conceptual benefits of integrating 3DCE and sustainability include reduced operating costs, competitive advantage, differentiation, improved image, and reduced compliance.</td>
<td>(Starik and Rands, 1995, Shrivastava, 1995, Sarkis, 2003, Hart, 1995, Maxwell and van der Vorst, 2003, Manzini and Vezzoli, 2003)</td>
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4.1 The 3DCE-ENPD Link
Through the comparison of literature related to 3DCE concepts in the mainstream operations literature and in environmental literature, Ellram et al. (2008b) noticed that despite the two streams developing with many parallels, there have been limited overlaps. Literature supporting 3DCE concepts focuses on traditional NPD performance improvements such as cost reduction, cycle time reduction, and inventory reduction while literature focused on the base components within E-3DCE focuses on reduction of environmental impacts and improvement of environmental performance. Where environmental impacts and traditional manufacturing goals such as quality have been studied together and applied in practice, it has been demonstrated that an environmental focus contributes to improved quality (Pil and Rothenberg, 2003). The extensive overlap in approaches used to facilitate NPD and environmental considerations within the supply chain suggests that there is great potential for synergy from simultaneously considering traditional performance issues and environmental performance issues and in embracing 3DCE concepts. Presently, most organisations still view, treat and manage environmental goals and traditional product development goals separately (Handfield et al., 2001), resulting in redundancy and waste in the system. Additionally, there exists a perception outside the environmental health and safety arena that pursuing environmental goals is strictly compliance-based; this results in increased product costs and slowing product development (GEMI, 2004). In the current parallel but non-integrated approach for traditional versus ENPD, this is probably true; however, by adopting an E-3DCE approach, organizations can enjoy all of the benefits of traditional NPD and ENPD.

4.2 From NPD to ENPD through 3DCE: A Framework for E-3DCE
Figure 4, which is presented as a framework for E-3DCE is a graphical representation of the real life situation surrounding ENPD through the 3DCE approach. The development of the framework was informed by an in-depth literature study and two original case studies that were developed through site visits and interviews with managers and workers across a number of departments within two European SME’s. The diagram shows that the nature of NPD is such that its main purpose is to serve core capability, customer value proposition and corporate value proposition; and these three, in turn, also serve NPD. This means that when a firm conducts NPD it is either because it wants to improve or exercise its core capability, or it wants to meet its customers’ needs or the needs of the firm itself. However, at the same time, those three aspects can be drivers for product development. Through the adoption of a 3DCE based approach to product development, the process can be seen as being comprised simultaneously of product design, process design and supply chain design. If a firm possesses ESI as a core capability, the shift from traditional NPD to 3DCE is instigated through practices such as supplier collaboration in new product development (SCNPD), production outsourcing and SCM. In turn, competency at these three practices can lead to ESI as a core capability. The core capabilities of a firm greatly influence its strategy, especially with regards to innovation strategy; it is this strategy that influences the NPD process. For example, if ESI is a core capability, then the firm
is likely to adopt an open innovation approach to product development. This works the other way round in that a firm that applies an open innovation strategy to the NPD process is likely to develop ESI as a core capability. In terms of environmental considerations, these are likely to enter the NPD process due to either customer or corporate value proposition. Through the simultaneous practice of eco-design, ERM and green supply chain design, a firm can then move from performing 3DCE to performing E-3DCE. As with ESI, the ability to successfully integrate environmental considerations into the product development process can become a core capability that leads to competitiveness.

![Figure 4: E-3DCE Dynamics Framework](image)

To supplement the framework, the model in Figure 5 adds more understanding by showing the interactions of various factors that are at play in the scenario illustrated in Figure 4. The model is based on splitting the product development into its motivations, which are corporate value proposition, customer value proposition and core capabilities (Leonard-Barton, 1995). The arrows represent the connections between the factors, with ‘+’ and ‘-’ representing positive and negative connections respectively. The lifecycle of an industry, its clockspeed, has an impact on the competitiveness of the firms within that industry. The faster the clockspeed, or shorter the lifecycle, the less maintainable competitive advantage is (Fine, 1998). However, a firm’s ability to be competitive is positively impacted by its ability to satisfy its customers’ needs, the environmental performance of its products, the architecture of its supply chain and its core capabilities. The adoption of a 3DCE based approach is positively impacted by ESI, this means that the implementing firm will increase supplier involvement in various aspects of their product development process (Petersen et. al., 2005); at the same time, having early supplier involvement within the firm makes the adoption of a 3DCE based approach easier. If not correctly managed, ESI can have a positive impact on value chain migration; this means that the initiating firm can unwittingly give up the value adding aspects of the product being developed to members of the supply chain. This pitfall results in firms approaching ESI with caution, however, the likelihood of value chain migration can be mitigated through superior supply chain design that is manifested in the architecture of the supply chain. Well executed supply chain
architectures have a positive impact on competitiveness as value creation is still within the firm and on the environmental performance of products produced as the firm will have more control on the components from the supply chain that are being incorporated into its products. Ultimately, the key factor is competitiveness; through the use of the 3DCE approach, firms can aim to attain a competitive advantage. In the current and future social climate, this advantage is likely to be influenced by the firm’s ability to produce highly environmentally competitive products.

Figure 5: Interactions between factors at play in E-3DCE dynamics framework

5. E3DCE Support Mechanisms
The only way to reap the rewards associated with 3DCE and to encourage its adoption is to ensure its successful implementation. To do this, it is essential to have the necessary support mechanisms in place. To develop suitable support, it is essential to have an in depth understanding of the various issues at play.

Due to increasing global competitiveness, new product development, an inherently collaborative activity between internal groups (such as engineering, marketing, manufacturing, sales and service), increased in complexity due to the addition of external partners (such as subcontractors, customers, technology suppliers and co-development partners) (Rufat-Latre et al., 2010, Wagner and Hoegl, 2006). This decrease in vertical integration, combined with increasing globalisation and outsourcing, resulted in the growth of supply chain management (SCM) which places great emphasis on the management of relationships within the supply chain; viewing the supply chain as more than just a logistic network comprising of interrelated companies built around delivering a specific product or service to the customer (Saeed et al., 2005). While product innovations can be matched by competitors, due to its more tacit nature superior SCM can possibly offer a maintainable advantage (Fine, 1998, Christensen, 2001). It can be seen as a dynamic capability that enables the continuous strategy innovation that is necessary in the retention of competitive advantage in disruptive environments, as long as the executing firm does not get exhausted by continuous transformation and innovation or get complacent by success.
5.1 Supply Chain Information Sharing
Typically, information sharing within the supply chain is associated with maximising responsiveness and efficiency while minimising cost, with the relationships formed handled by the procurement and/or logistics department; while, information sharing within the product development chain is allied with the acquisition of resources and capabilities to improve product offerings, with the collaborative relationships formed more likely to have a research and development focus. On the one hand, there is Kanter’s notion of collaboration advantage, defined as “a significant leg up in a global economy due to a firm’s well developed ability to create and sustain fruitful collaborations” (Kanter, 1994), which is associated with the product development chain; while on the other, there is the resource-based theory view that one source of differential performance between firms is the way in which they organise exchange activity (Conner and Prahalad, 1996), which is related to the supply chain. Therefore, it would seem logical to then deduce that amalgamation of the two forms of information sharing would result in advantages gained through the unified use of the formed relationships, enriching the depth and quality of information shared via both design and supply chains. With particular focus on design chains and collaborative design, utilising supply chain information sharing relationships and methods within the product development process would offer a means of augmenting the match between product and process, which most companies accomplish through concurrent engineering, with an additional consideration of supply chain configuration. As the environmental performance of a product is the consolidation of its environmental impact through all the stages of its lifecycle, from the extraction of raw materials to its end of life, it is dependent on the totality of the supply chain in both upstream and downstream directions throughout its lifecycle. During the product development process, it is necessary to have as much information as possible pertaining to the environmental performance of the various supply chain partners and the products and services they provide.

5.2 Web Based Information Sharing Portal
Since internet communication technologies gained popularity as a means of simplifying business to business communications and were seen to have an impact on logistics process performance, purchase process efficiency and supplier relationships (Baglieri et al., 2007), supplier portals have been found to promote information sharing and coordination of operational flows, support supplier management and create a sense of community among buyers and suppliers; all the while increasing the stability of relationships and suppliers’ loyalty to their customers (Roberts, 1999). It is this collaborative potential within supplier web portals that would make their use in the ENPD process invaluable. The web portal can be used as a tool during the ENPD process to ensure that when product and process are being designed, relevant and accurate information regarding the supply chain is available resulting in environmental 3DCE. However before one can accurately share information with the supply chain and utilise it for the benefit of the NPD process, it is essential to have precise knowledge pertaining to the supply base and its architecture.

5.2 Supply Chain Mapping
Through the use of supply chain mapping, firms can have an accurate picture of the supply chain of their products, in both up and downstream directions. Not only does this aid in the attainment of product information from the supply chain but it also allows for greater supplier chain visibility and helps firms understand any risks inherent in their supply chains. Firms will be able to acquire information pertaining to not just first tier suppliers but potentially second and third tier suppliers too. This understanding of risk and visibility will also allow firms during the make-or-buy decision. When determining the supply chain architecture of a product and whether to make or buy certain components, it is important to understand the impact choices made have on value chain migration and any associated risks.

6. Conclusions and Future Research

The use of supply chain mapping and the web portal to make decisions during the environmental product development process can be seen as bridging the gap between supply chain management and environmental new product development, which is what environmental 3DCE aims to achieve. One of the aims of this paper was to use literature and previous, related research to provide greater conceptual support for the strong relationship between 3DCE and ENPD. Use of literature from supply chain management, product development and strategy to show the efficacy of each of the integration points between product, process and supply chain from an environmental perspective should help strengthen the theoretical support for environmental 3DCE and lead to more meaningful managerial implications and richer future research. This paper presents the results from an in-depth study of 3DCE theory, explores its impact on the integration of environmental considerations into the product development process and maps its benefits onto ENPD. The reviewed literature shows how environmental new product development would be improved through the addition of green supply chain design to environmentally responsible manufacturing and eco-design; which can be referred to as environmental 3DCE. The research then proceeds to show supply chain information sharing as a crucial new element that is required in the implementation of environmental 3DCE based approaches. Future research will focus on developing and investigating further the effectiveness of the information sharing web portals and supply chain mapping as support mechanisms for environmental 3DCE.

References


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