

The Correlation Between The Economy And Product Development

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From my experience, it is much easier to build a growing, thriving, and profitable business when the economy is expanding and more companies are investing in product development.



How does the economy correlate with product development? It's an interesting question and someone from the product development world might assume, "Sure! It is highly correlated."

Let us intellectualize it a bit to challenge our assumptions.

What are the economic contributors? The easy answer is the sale of goods and services. Since product development is typically wrapped under the cloak of goods, a key question is: What percentage of the economy is goods and what is services?

The banking industry is pure services, and they brought our entire economy to its knees. It makes you wonder just how important the goods portion is to the economy. U.S. manufacturers have prophesized for years that the strength of our country rests with their ability to make goods, but we have seen a decline in the manufacturing of goods over the past 20 years — thus far, our economy has continued to grow.

Walmart is one of the world's largest companies filled with saleable goods and we can use its performance as a barometer for popular economic opinion. When things are tight we shop for the lowest price, which Walmart provides. When things are going well, we get snooty and start buying at Target.

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From my experience, it is much easier to build a growing, thriving, and profitable business when the economy is expanding and more companies are investing in product development. We could assume that most product development companies only invest in new products when they believe that their market will support the product at a profitable price.

We have very recent, real-world experience of a great recession (or as my Australian friend calls it, the GFC [global financial crisis]).

During this time, most companies were unsure of the economic viability of their markets, and their own survivability. Companies cut spending, dropped new programs, exhausted inventories, and hoped for a recovery.

Since everyone in my little world seemed to suffer during this tumultuous time, one would have to surmise that there is a definite correlation between the economy and product development.

While the economy includes very powerful subsets, we can always validate the importance of goods when we get into our cars, sit in our chairs, and read a book on our iPad. Services are important, but without product vehicles, services would have a hard time finding users.

At the end of the day, does it matter if there is a correlation between the economy and product development? What if we just accept that innovation and new product development requires the discipline to do the “right things, right,” and the faith that there will be a market?

If you would like to know more, check out my blog at ronhollis.blog.quickparts.com [1]. Or for other great topics on product development, then check out the [Quickparts.com](http://www.quickparts.com) [2] encyclopedia for more information or get a hot copy of [Better Be Running! Tools to Drive Design Success](http://www.betterberunning.com) [3].

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