Flexible Product Platforms

by

Eun Suk Suh

Submitted to the Engineering Systems Division in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

September 2005

© Eun Suk Suh, MMV. All rights reserved.

The author hereby grants to MIT permission to reproduce and distribute publicly paper and electronic copies of this thesis document in whole or in part.

Accepted by Richard de Neufville Professor of Engineering Systems

Flexible Product Platforms

by

Eun Suk Suh

Submitted to the Engineering Systems Division on August 5, 2005, in partial fulfillment of the requirements for the degree of Doctor of Philosophy

Abstract

The research contributes to the uncertainty management of engineering systems by proposing and demonstrating a way to implement flexible platform strategy to respond to future uncertainties. In today's competitive market, where market segments are becoming more fragmented, pressure to develop and market diverse sets of products is increasing. To meet such market needs and reduce production cost at the same time, product platform strategy has been implemented in several different industries. Using a core set of common platform elements and variant-specific unique elements, a family of products can be produced to satisfy various market segments. However, the growing cost of platform development and undesired side effects of the strategy (e.g. performance tradeoff, cannibalization) is forcing companies to design their platforms with flexibility, so they can accommodate product variants, differentiate these variants, and be economically flexible to respond to specified future uncertainties. This thesis introduces a design process to architect flexible product platforms. The proposed process is demonstrated in two automotive application case studies. In the first case study, a vehicle floor pan is designed to satisfy two different length requirements, while being economically robust to future specification change and component demand. The second case study investigates a vehicle platform, where the flexible body in white (BIW) platform is designed for a family of three vehicle variants through identification of critical elements subset. Results showed that the flexible BIW platform is less profitable than the inflexible BIW platform, but when the degree of future uncertainty increases, the flexible design eventually becomes more profitable. This research provides additional examples that yet again confirms the general proposition "flexibility gains value as the degree of uncertainty increases."

Thesis Supervisor: Olivier L. de Weck Title: Assistant Professor of Aeronautics & Astronautics and Engineering Systems

Bibliography

- Conjoint Analysis: A Guide for Designing and Interpreting Conjoint Studies. American Marketing Association, 1992.
- [2] Motor Vehicle Dimensions. Society of Automotive Engineers, 2001.
- [3] ESD symposium committee overview. In *The ESD Internal Symposium*, Cambridge, Massachusetts, May 2002.
- [4] Y. Akao. Quality Function Deployment: Integrating Customer Requirements into Product Design. Productivity Press, 1988.
- [5] M. Aldenderfer and R. Blashfield. *Cluster Analysis*. Sage Publications, 1984.
- [6] J. S. Arora. Introduction to Optimum Design. McGraw-Hill, 1989.
- [7] G. Boothroyd, P. Dewhurst, and W. Knight. Product Design for Manufacture and Assembly. Marcel Dekker Inc., 2002.
- [8] J. Bralla. Design for Manufacturability Handbook. McGraw-Hill, 1999.
- [9] R. Bremmer. Cutting edge platforms. Finantial Times: Automotive World, pages 30–38, September 1999.
- [10] J. Brown, D. Dubois, K. Rathmill, S. Sethi, and K. Stecke. Classification of flexible manufacturing systems. *The FMS Magazine*, pages 114–117, April 2001.
- [11] J. Buchanan and H. Davis. Zosimus' Historia Nova. Trinity University Press, 1967.

- [12] J. Busch and F. Field III. *Blow Molding Handbook*. Hansr Publishers, 1988.
- [13] D. Carney. Platform flexibility. Automotive Engineering International, pages 147–149, February 2004.
- [14] G. A. Churchill. Marketing Research Methodological Foundations. Dryden Press, 1991.
- [15] R. Clemen. Making Hard Decisions: An Introduction to Decision Analysis. Duxbury Press, 1996.
- [16] H. Cook. Product Management: Value, Quality, Cost, Price, Profit and Organization. Chapman & Hall, 1997.
- [17] E. Crawley. System Architecture Presentations. ESD.34J Class Notes, Massachusetts Institute of Technology, Department of Aeronautics & Astronautics, 2004.
- [18] G. Da-Silveira, D. Borenstein, and F. S. Fogliatto. Mass customization: Literature review and research directions. *International Journal of Production Economics*, 72:1–13, 2001.
- [19] R. de Neufville. Applied Systems Analysis: Engineering Planning and Technology Management. McGraw-Hill, 1990.
- [20] R. de Neufville. Uncertainty management for engineering systems planning and design. In *The 2nd Engineering Systems Symposium*, Cambridge, Massachusetts, March 2004.
- [21] O. de Weck, E. S. Suh, and D. Chang. Product Family and Platform Portfolio Optimization. In ASME International Design Engineering Technical Conference, Chicago, Illinois, September 2003. DETC2003/DAC-48721.
- [22] G. H. Dunteman. Principal Component Analysis. Sage Publications, 1989.
- [23] C. Eckert, P. John Clarkson, and W. Zanker. Change and customisation in complex engineering domains. *Research in Engineering Design*, 15(1):1–21, 2004.

- [24] S. Eppinger, D. Whitney, and R. Smith. A model-based method for organizing tasks in product development. *Research in Engineering Design*, 6(1):1–13, 1994.
- [25] E. Feitzinger and H. L. Lee. Mass customization at hewlett-packard: The power of postponement. *Harvard Business Review*, 75(1):116–121, 1997.
- [26] C. Fine and R. Freund. Optimal investment in product-flexible manufacturing capacity. *Management Science*, 36(4):449–466, 1990.
- [27] P. Georgiopoulos, R. Fellini, M. Sasena, and P. Papalambros. Optimal design decisions in product portfolio valuation. In ASME International Design Engineering Technical Conference, Montreal, Canada, September 2002. DETC2002/DAC-34097.
- [28] D. E. Goldberg. Genetic Algorithms: In Search, Optimization, and Machine Learning. Addison-Wesley, 1989.
- [29] J. P. Gonzalez-Zugasti. Models for Platform-Based Product Family Design. PhD thesis, Massachusetts Institute of Technology, Department of Mechanical Engineering, 2000.
- [30] J. P. Gonzalez-Zugasti, K. Otto, and J. Baker. A method for architecting product platforms. *Research in Engineering Design*, 12(2):61–72, 2000.
- [31] J. P. Gonzalez-Zugasti, K. Otto, and J. Baker. Assessing value in platformed product family design. *Research in Engineering Design*, 13(1):30–41, 2001.
- [32] P. E. Green and V. Srinivasan. Conjoint analysis in marketing: New developments with implications for research and practice. *Journal of Marketing*, 54:3–19, 1990.
- [33] P. E. Green and Y. Wind. New way to measure consumer's judgements. Harvard Business Review, 53(4):107–117, 1975.

- [34] H. Han, A. Chen, J. Clark, and F. Field III. Material design sensitive costing of the body-in-white. In *Proceedings of the International Body Engineering*, Detroit, Michigan, September 21-23 1993.
- [35] R. Hassan, R. de Neufville, O. de Weck, D. Hastings, and D. McKinnon. Valueat-risk analysis for real options in complex engineered systems. In *ESD Working Paper Series*, MIT, Cambridge MA, 2005. ESD-WP-2005-03.
- [36] J. R. Hauser and D. Clausing. The house of quality. Harvard Business Review, 66(3):63-73, 1988.
- [37] K. Holtta, E. S. Suh, and O. de Weck. Tradeoff between degree of coupling (modularity) and performance (efficiency) for engineered systems and products. In *International Conference on Engineering Design*, Melbourn, Austrailia, August 15-18 2005.
- [38] J. Hull. Options, Futures, and Other Derivative Securities. Prentice-Hall, 1993.
- [39] K. Jajuga, A. Sokolowski, and H. Bock. Classification, Clustering and Data Analysis. Springer, 2002.
- [40] I. T. Jolliffe. *Principal Component Analysis*. Springer-Verlag, 2002.
- [41] R. Kirchain. Cost modeling of materials and manufacturing processes. Encyclopedia of Materials: Science and Technology, pages 1718–1727, 2004.
- [42] R. Kirchain and F. Field III. Manufacturing cost estimation for large processing systems. In Proceedings of the Julian Szekely Memorial Symposium on Materials Processing, pages 669–685, Warrendale, PA, 1993.
- [43] S. Kirkpatrick, C. D. Gellat Jr., and M. P. Vecchi. Optimization by simulated annealing. *Science*, 220(4598):671–680, 1983.
- [44] S. Kota, K. Sethuraman, and R. Miller. A metric for evaluating design commonality in product families. *Journal of Mechanical Design*, 122(4):403–410, 2000.

- [45] H. Li and S. Azarm. Product design selection under uncertainty and with competitive advantage. *Journal of Mechanical Design*, 122(4):411–418, 2000.
- [46] H. Li and S. Azarm. An approach for product line design selection under uncertainty and competition. *Journal of Mechanical Design*, 124(3):385–392, 2002.
- [47] M. Maier and E. Rechtin. The Art of Systems Architecting, 2nd Edition. CRC Press, 2001.
- [48] M. Martin. Design for Variety: A Methodology for Developing Product Platform Architectures. PhD thesis, Stanford University, Department of Mechanical Engineering, 2000.
- [49] M. Martin and K. Ishii. Design for variety: Developing standardized and modularized product platform architecture. *Research in Engineering Design*, 13(4):213–235, 2002.
- [50] M. E. McGrath. Product Strategy for High-Technology Companies. Irwin Professional Publishing, 1995.
- [51] M. Meyer and A. Lehnerd. The Power of Product Platforms: Building Value and Cost Leadership. Free Press, 1997.
- [52] M Meyer, P. Tertzakian, and J. Utterback. Metrics for managing research and development in the context of the product family. *Management Science*, 43(1):88– 111, 1997.
- [53] F. Mistree, O. Hughes, and B. Bras. The compromise decision support problem and the adaptive linear programming algorithm. AIAA Kamat MP (ed) Structural Optimzation: Status and Promise, pages 247–289, 1993.
- [54] M. Muffatto. Introducing a platform strategy in product development. International Journal of Production Economics, 60(1):145–153, 1999.

- [55] R. Myers and D. Montgomery. Response Surface Methodology: Process and Product Optimization Using Designed Experiments, 2nd Edition. Wiley-Interscience, 2002.
- [56] S. Narayanan and S. Azarm. On improving multiobjective genetic algorithms for design optimization. *Structural Optimization*, 18:146–155, 1999.
- [57] K. Naughton, E. Thornton, K. Kerwin, and H. Dawley. Can Honda build a world car? Business Week, (3543):100–106, September 8 1997.
- [58] S. Nelson, M. Parkinson, and P. Papalambros. Multicriteria optimization in product platform design. *Journal of Mechanical Design*, 123(2):199–204, 2001.
- [59] K. Otto and K. Holtta. A multi-criteria framework for screening preliminary product product concepts. In ASME International Design Engineering Technical Conference, Salt Lake City, Utah, September 2004. DETC2004-57256.
- [60] K. Otto and K. Wood. *Product Design*. Prentice Hall, 2001.
- [61] G. Pahl and W. Beitz. Engineering Design: A Systematic Approach, 2nd Edition. Springer-Verlag, 1996.
- [62] J. Pine. Mass Customization: The New Frontier in Business Competition. Harvard Business School Press, 1993.
- [63] J. Pine. Standard modules allow mass customization at bally engineering structures. *Planning Review*, 21(4):20–22, 1993.
- [64] P. Rajan, M. Van Wie, M. Cambell, K. Otto, and K. Wood. Design for flexibility
 measures and guidelines. In *International Conference on Engineering Design*, Stockholm, Sweden, August 2003.
- [65] D. Robertson and K. Ulrich. Planning for product platforms. Sloan Management Review, 39(3):19–31, 1998.
- [66] R. Rothwell and P. Gardiner. Robustness and Product Design Families. Basil Blackwell Inc., 1990.

- [67] K. Sabbagh. Twenty-First Century Jet: The Making and Marketing of Boeing 777. Scribner, 1996.
- [68] S. Sanderson and M. Uzumeri. Managing product families: The case of the sony walkman. *Research Policy*, 24(5):761–782, 1995.
- [69] S. Sanderson and M. Uzumeri. The Innovation Imperative: Strategies for Managing Product Models and Families. Irwin Professional Publisher, 1997.
- [70] Y. Sawaragi, H. Nakayama, and T. Tanino. Theory of Multiobjective Optimization. Academic Press Inc., 1985.
- [71] E. Schwartz and L. Trigeorgis. *Real Options and Investments Under Uncertainty*. MIT Press, 2001.
- [72] C. Seepersad, G. Hernandez, and J. Allen. A quantitave approach to determining product platform extent. In ASME International Design Engineering Technical Conference, Baltimore, Maryland, September 2000. DETC2000/DAC-14288.
- [73] C. Seepersad, F. Mistree, and J. Allen. A quantitative approach for designing multiple product platforms for an evolving portfolio of products. In ASME International Design Engineering Technical Conference, Montreal, Canada, September 2002. DETC2002/DAC-34096.
- [74] A. K. Sethi and S. P. Sethi. Flexibility in manufacturing: A survey. The International Journal of Flexible Manufacturing System, 2:289–328, 1990.
- [75] T. Simpson. Product platform design and optimization: Status and promise. In ASME International Design Engineering Technical Conference, Chicago, Illinois, August 2003. DETC2003/DAC-48717.
- [76] T. Simpson, J. Maier, and F. Mistree. Product platform design: Method and application. *Research in Engineering Design*, 13(1):2–22, 2001.
- [77] P. N. Sterns. The Encyclopedia of World History, 6th Edition. Houghton Mifflin Company, 2001.

- [78] D. V. Steward. Partitioning and Tearing Systems of Equations. *Journal of SIAM*, 2(2), 1965.
- [79] E. S. Suh, O. de Weck, I. Y. Kim, and D. Chang. Flexible platform component design under uncertanity. *Journal of Intelligent Manufacturing*, 2005. Accepted for Publication.
- [80] N. P. Suh. Axiomatic Design Advances and Applications. Oxford University Press, 2001.
- [81] L. Trigeorgis. Real Options: Managerial Flexibility and Strategy in Resource Allocation. The MIT Press, 1996.
- [82] G. Ulban and J. Hauser. 'Listening In' to find unmet customer needs and solutions. 2004 MIT Sloan School of Management Working Paper Series.
- [83] K. Ulrich and S. Eppinger. The Product Design and Development, 2nd Edition. McGraw-Hill, 1999.
- [84] D. Whitney. Nippondenso Co. Ltd: A case study of strategic product design. Research in Engineering Design, 5(1):1–20, 1993.
- [85] D. Whitney. Mechanical Assemblies: Their Design, Manufacture, and Role in Product Development. Oxford University Press, 2004.
- [86] J. Womack, D. Jones, and D. Roos. The Machine That Changed World. Harper-Collins Publishers, 1991.
- [87] J. Yu, J. P. Gonzalez-Zugasti, K. Otto, and J. Baker. Product architecture definition based upon customer demand. *Journal of Mechanical Design*, 121(3):329– 335, 1999.