

**COMMERCIALIZATION SUCCESS FACTOR AND BUSINESS PERFORMANCE:
A CASE STUDY OF DEWISHA BEAUTY SECRET**

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I hereby declare that I have checked this project and in my opinion, this project is
Adequate in terms of scope and quality before the award of the degree of
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DECLARATION OF ORIGINAL WORK

“I hereby declare that the work of this project paper is mine except for the quotations and summaries that have been duly acknowledge”

Signature :

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DEDICATION

This research paper is lovingly dedicated to my family who have been my constant source of inspiration; they have given unconditional support with my studies. I am honoured to have them as my family members. Thank you for giving me a chance to prove and improve myself through all my walk of life. To all my friends thank you for believing me for allowing me to further my studies together with you all. I thanks for your all to share your knowledge's sharing and support.

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ABSTRACT

Commercialization is one of the most important things in order to put the business product into the current market. Due to the increasing number and complexity of business product, commercialization is a must to every entrepreneur. When selecting a method among multiple commercialization methods, the information of commercialization methods should be collected under the predefined selection criteria and then evaluate these alternatives against each other.

The objectives of this research are to identify the critical success factor in commercialization business product and identify the best method for commercialization the business product that can lead to identify the business performance in healthcare industry. This research used a qualitative research method. Data were collected through interviews with an entrepreneur who succeeds in commercializing the business product. The result shows that the critical success factor for this company was personality traits and the best methods to commercialize the business product were using the online method and joint venture with the media. In term of financial for the business performance, company's sales had increased; profits had increased while for the non-financial, the company were able to create business opportunity and willing to share their knowledge.

ABSTRAK

Pengkomersialan adalah salah satu perkara yang paling penting untuk meletakkan produk perniagaan ke pasaran semasa. Oleh kerana bilangan yang semakin meningkat dan kerumitan produk perniagaan, pengkomersialan adalah satu kemestian untuk setiap usahawan. Apabila memilih kaedah antara kaedah pengkomersilan berbilang, maklumat kaedah pengkomersilan harus dikumpulkan di bawah kriteria pemilihan yang telah ditetapkan dan kemudian menilai alternatif ini terhadap satu sama lain.

Objektif kajian ini adalah untuk mengkaji faktor kejayaan kritikal apabila mengkomersilkan produk perniagaan dan juga kaedah yang terbaik bagi mengkomersialkan produk perniagaan di mana akan membantu prestasi perniagaan syarikat dalam industri penjagaan kesihatan. Kajian ini menggunakan kaedah penyelidikan kualitatif. Data dikumpulkan melalui sesi temu bual dengan seorang usahawan yang telah berjaya dalam mengkomersialkan produk perniagaannya. Hasil kajian menunjukkan bahawa faktor kejayaan kritikal bagi syarikat ini adalah ciri-ciri personaliti dan kaedah terbaik untuk mengkomersilkan produk perniagaan telah menggunakan kaedah dalam talian dan usaha sama dengan media. Dari segi kewangan bagi prestasi perniagaan, jualan syarikat telah meningkat; keuntungan telah meningkat manakala bagi bukan kewangan, syarikat itu dapat mewujudkan peluang perniagaan dan bersedia untuk berkongsi pengetahuan mereka.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Commercialization is the process that converts ideas, research, or prototypes into viable products that retain the desired functionality, while designed them to be readily manufacturable at low cost and launched quickly with high quality designed in (Anderson, 2015). Commercialization also involves formulating the manufacturing and supply chain strategies, devising implementation plans, and implementing such plans. Without commercialization, there is usually the temptation to simply take a research that “works” and then “draw it up and get it into production.” And that might appear to be progress and may temporarily please managers and investors. However, this will bring about several vulnerabilities, some potentially severe were the real time to market, quality and cost.

Nowadays, there are many companies that struggle to compete with each other in terms of their business product. The demands from the consumers make the entrepreneurs do the research and development in order to put their product in the current market. According to our former Minister of Ministry Domestic Trade, Co-operatives and Consumerism (MDTCC) Datuk Seri Hasan Malek, from the previous year until October 2014, due to the business registration record there were 39,928 companies doing business. The business also is considering developing a value of about RM30 million. This record is just in the beauty services based and not include the other industry. Here, we can see that the increasing in the term of entrepreneurs. The increasing of the number of entrepreneurs means the increasing of business product. But, only the one who know how to commercialize their product will survive at the end of the day.

Malaysian government over the last 20 years has provided allocations, grants, subsidies, and incentives to intensify research, innovation and commercialization activities (Govindaraju, 2015). According to our previous minister of MDTCC, the entrepreneurs can collaborate with the financial institutions and government agencies if they want to expand their market size. The example of the institutions who can help these entrepreneurs that can thrive at home and abroad are Small and Medium Enterprise Corporation (SMECorp) and Malaysia External Trade Development Corporation (MATRADE).

1.2 Problem of Statement

A commercialization activity is a long process over time. Selection of the best method for commercialization is very important in order to commercialize the product into not only local but global market. Commercialization is the coordinated technical and business decision processes and resulting actions required for successful transformation of a new product or service from concept to market adoption.

If the company goes ahead with commercialization, it will face its biggest costs to date. This is because the entrepreneurs require a lot of time and the process is complex to produce quality product by going certain process such as product development, marketing, packaging, promotion and etc.

According to Anderson (2015), without commercialization, there is usually the temptation to simply take a research that “works” and then “draw it up and get it into production.” And that might appear to be progress and may temporarily please managers and investors. However, this will bring about several vulnerabilities, some potentially severe: the real time to market, quality and cost.

A good commercialization plan will decrease the risk for failure and maximize the chances for success (Goldsmith, 2003). This is because commercialization is difficult enough even without missteps and missed steps. While the commercialization process model does not provide the answers, it helps you to ask the right questions. It is important to remember that the commercialization environment is dynamic. In the best of times, the product that looked 'hot' when you started the process may have 'cooled' substantially due to a new competing technology, a downturn in the economy, unexpected production costs or a hundred other factors.

1.3 Research Questions

The research questions of the study are:

- i. What is the critical success factor in commercialization of business product?
- ii. What is the best method for commercialization of the business product?
- iii. How is the business performance in healthcare industry?

1.4 Research Objectives

The research objectives of the study are:

- i. To identify the critical success factor in commercialization business product.
- ii. To identify the best method for commercialization the business product.
- iii. To identify the business performance in healthcare industry.

1.5 Significant of the Study

The significant of the study is to identify the successful factor in commercialization. This is because the successful factor in this research are consists 6 elements such as knowledge and skill of entrepreneurs, personal traits of entrepreneur, product development, packaging and promotion, competitive advantage, selecting suitable business partner, facilities and support. The researcher also needs to identify the best commercialization methods. This is because there are consists 8 methods for commercialization in this research such as licensing, spin off, consultation, operating equipment manufacturing (OEM), joint ventures, profit sharing, leasing and outright sales are for the method tools that can be used to commercialize the business product .

1.6 Scope of the Research

In this research, researcher focuses on the influence factors in commercialization towards business performance and also the methods that company use to commercialize the business product. The researcher also focused on local entrepreneurs only.

1.7 Limitation of the Study

Throughout this study, researcher has highlighted several limitations. Firstly, lack of experience of doing this research. Hence, researcher tends to take a long time to gather the information, reading the other researcher's journal and many more. For the beginning of this research, researcher does not even know how to choose the good journal and after getting some encouragement from the researcher's supervisor, researcher can handle this kind of limitation.

Secondly, researcher has to face the limitations when collecting data from the respondents. For this kind of limitations, researcher needs to assume that all respondents give a cooperation that can provide honest and correct answer during answering the interview session.

Thirdly, the researcher faced budget problems in order to finish this research. Most of the cost expenses are on conducting the survey because the location of the target sample on Malaysia.

Lastly, the researcher faced difficulties to finish this research within the time given. The time given must be dividing for every chapter to ensure that the research is complete within the short time.

1.8 Summary

In this section, the researcher briefly explained the critical success factor in commercialization of healthcare product which is the development of the framework for this research. In this chapter consists a few elements which are background of the study, problem of statement, research questions, and research objectives and significant of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter highlights the literature review of the business success in commercialization of product. Firstly, the definition of commercialization has been elaborated. Secondly, the definition of business success has been explained. Then, the researcher describe the reason of the independent variable such as knowledge and skill of entrepreneurs, personal traits of entrepreneur, product development, packaging and promotion, competitive advantage, selecting suitable business partner, facilities and support, and commercialization methods. This independent variable will affect the dependent variable which is business performance in terms of the organizations financial and non-financial.

This study used various reference materials as a guideline such as journals, books, theses, article, web site and other printed medium. The information from this research can be used to strengthen the understanding and conceptualization research framework.

2.2 Commercialization of business product

Commercialization is the process by which a new product or service is introduced into the general market. Commercialization is broken into phases, from the initial introduction of the product through its mass production and adoption. It takes into account the production, distribution, marketing, sales and customer support required to achieve commercial success. As a strategy, commercialization requires that a business develop a marketing plan, determine how the product will be supplied to the market and anticipate barriers to success (Investopedia, 2015).

Commercialization is broadly defined as the process of developing a business enterprise from an idea, through feasibility and implementation, to its acceptance into a market (Goldsmith, 2003). In order to achieve that, the researcher needs the commercialization framework.

Commercialization frameworks describe the concurrent decisions and actions along the innovation development process, optimizing all of the technical and business decisions required for a successful introduction to the marketplace (McCoy, 2008). Successful commercialization frameworks serve as a form of development plan, promoting solutions to questions and problems that arise along the development path.

According to (Markman et al., 2008), the policy maker has perceived universities and research institution as an engine for economic growth through commercialization Hamzah, (2011) state that how well a company manage to create value from technology commercialization depends very much on what happens before the product is developed.

There are many functions of research product commercialization such as that products should be based on industrial needs and relevant to private sector (eg Powers and McDougall, 2005 ; Agrawal & Henderson, 2002; Nicollaou & Birley, 2003), to boost economic activities (Dietz & Bosemen, 2005) and to create new jobs (Di Gregorio & Shane, 2003; Perez & Sanchez, 2003).

There are different strategies available for research commercialisation such as internal approaches, quasi-internal approaches and externalisation approaches (Markman et al., 2008). According to Siegal and Wright (2007), these strategies may be fostered by identifying products with commercial potential, continuing strategic and financial support for portfolio companies to maximise their chances of success.

The Product Commercialization Model is a road map to developing strategic plans and actions for the commercialization of products (Goldsmith, 2003). The purpose of the model is to assist you in taking a product from concept to market. Therefore, the first step in commercialization begins with recognizing a market opportunity. The secondly is to determine whether someone else patent or copyright protects the proposed product. The third is to determine whether the opportunity is only sufficient to support the introduction of a product to the market or sufficient to support a new enterprise. The lastly is the feasibility stage. The objective of this effort is to determine the economic feasibility of the opportunity.

2.3 Business Performance

In this research, the researcher measured the business success through the business performance. According to Zinger et al. (2001), and Rhodes and Butler (2004), the entrepreneurial success factor has been defined in term of two main aspects namely, objective (financial) and subjective (non-financial).

For the financial perspective, the entrepreneurs are considered as successful based on their financial performance that are measured in term of return of investment (Gadenne, 998), profit (Orser et al., 2000) and income (Orser et al., 2000 ; Haber and Reichel, 2005).

On the other hand, in term of non-financial the entrepreneurs are considered as successful such as in customer satisfaction, personality development and awareness of entrepreneurs (Masuo et al., 2001).

It is important to remember that the commercialization environment is dynamic. In the best of times, the product that looked 'hot' when you started the process may have 'cooled' substantially due to a new competing technology, a downturn in the economy, unexpected production costs or a hundred other factors (Goldsmith, 2003).

2.4 Influencing successful factors of entrepreneurs

Influence factors of entrepreneurs are the independent variables in this research that can affect business performance as the dependent variable. In this research, the researcher comes out with two elements for critical success factors. One of the elements is the influence factors which contains 6 criteria: (i) knowledge and skill of entrepreneurs, (ii) personality traits of entrepreneurs, (iii) product development, packaging and promotion, (iv) building competitive advantage in the market, (v) selecting suitable business partner, (vi) facilities and support. The second element is the commercialization methods.

2.5 Knowledge and skill of entrepreneurs will affect the business success

Entrepreneurial skill is a must have skill for academic researchers, and academic researchers need to acquire knowledge or skills beyond their scientific and technical skills (Ismail et al., 2015). Technical and entrepreneurial knowledge and skills are significant in attaining the success of commercialising of the research products.

The criteria for dividing the skills can vary but these are considered to be the basic managerial skills, which are needed for an effective managerial work, (Piškanin, Rudy et al., 2006)