

Executive Summary

1. Nonviable, noncritical products within the portfolio use vital resources that could be used for other product investments.
2. Product disinvestment should seriously be considered for some products as an option during the life cycle product portfolio planning process.
3. Product discontinuation may involve selling the product to another company or group of investors or the sale of intellectual property, designs, or technologies as a means of recouping losses.

As the active phases of every product need to be managed across its life cycle, so does its discontinuation and eventual withdrawal from the market. Reasons for discontinuation can include the following: (1) The product is no longer strategically viable or valuable to the firm. (2) Sales volumes and revenue are declining rapidly or have evaporated. (3) Market share of the product is falling precipitously. (4) Customers have been encouraged to migrate to another product that the company sells. (5) Customers have switched to a competitor's product that is less expensive or more attractive. (6) Production or maintenance costs are escalating, and the product is losing money.

The purpose of a Product Discontinuation Document (PDD) is to build a case for the discontinuation of a product and its withdrawal from the market. It describes the business, financial, and market situation of the product, as well as the roles, responsibilities, and necessary communications among stakeholders within the company, along with communication plans to reach customers, suppliers, and partners outside the firm. It is also an important document that describes the existing contractual relationships that the company may have with those customers, suppliers, or partners.