SMEs are economic activities that dominate the structure of Indonesian economic. The market situation now is increasingly tight competition, small industries need to prepare themselves with forces that can make them able to compete with similar products on the market. It’s necessary to develop the quality of SME products based on consumer needs. Today's consumers beginning to lead to environmentally friendly products (green consumers).

This research evaluates the product development concept using QFD green II. This method not only considers the quality aspect but also the environment and the cost matrices. These three aspects are described respectively in “House of Quality, Green House, and Cost House”. Concept comparison House Matrix (CCH) is used to evaluate the product concept in Green QFD II. CCH is able to integrate aspects of quality, environmental, and cost.

Subject of research is the dinning chair as the main product of SMEs. The main purpose of this research is to understand the process of design and product development that consider the needs of consumers, environmentally friendly (green product) and economical. SMEs product quality improvement will increase the spirit of creative economy and improve the competitiveness of local products with foreign products.

Key word: Green QFD II, Sustainable Design, LCA, TQEM