Top Six Things about Retail PLM Transformation
Part 1: PLM Transformation is Strategic

by Vipin Goyal and Hala Hassoun

Retailers overwhelmingly recognize the need to utilize advanced product lifecycle management (PLM) tools in the coming years in order to remain competitive. However, there are six key concepts Retail, Footwear, and Apparel (RFA) decision-makers need to understand before considering transforming their business via PLM. Here is the first of this six-part series.

PLM Transformation is Strategic

Most RFA companies have corporate-level strategic goals to grow revenue through the continuous development of new and innovative products. Creating more robust product development processes and supporting them with PLM is a critical component for achieving these goals. Unfortunately, the highly creative nature of the industry means that most companies lack efficient product development business processes, and even the proper organizational structure required to develop an effective PLM strategy. Very high SKU counts, rapidly changing customer demands and trends, and global collaboration requirements can make advanced processes and systems seem like a barrier instead of an enabler.

When treated as a strategic enabler, PLM will help transform people, processes and technology to help the organization achieve goals for innovation-driven revenue growth. Here are some ways innovation executives can help make this happen.

Set a Strategic Mindset

The first thing retailers must do when considering PLM is to clearly identify their strategic objectives. PLM can help achieve many goals, including improved supplier collaboration or cycle time reduction, so defining and prioritizing your unique goals is an important first step. For instance, retailers looking to grow their private label business can leverage PLM to improve private label development and increase margins. By eliminating inefficiencies in the product development process, PLM can also reduce cycle times and allow retailers to respond more quickly to changing trends in the marketplace. Even retailers who outsource most of their manufacturing are able to use PLM to come up with a strategic sourcing plan. PLM is much more successful when it is treated as a way to achieve clearly defined strategic goals.

Create a Business Case for Strategic Change

Retail executives that develop and clearly communicate their strategic business goals can easily justify the need for PLM throughout the implementation process. By institutionalizing leading practices, PLM helps redefine the end-to-end product development process and corresponding handoffs, reducing inefficiencies and clarifying all roles within that process. The result is organizational change recommendations; not necessarily reducing headcount, but helping teams function better. It’s important to communicate this, and reiterate how the ongoing effort will benefit everyone.

For example, material and fabric development can be a significant source of frustration for many development teams. With so many different categories and divisions, it is nearly impossible to keep track of all material development across the organization by using spreadsheets. This siloed approach results in additional time and money spent testing for material and multiple material color development attempts. Retailers can lose quantity discounts when categories buy material individually, and end up conducting tests again due to duplicate records. Centralizing material development is an industry best practice that, once implemented, will affect team roles and organizational structure, and will also impact development cost in a positive way.

Since PLM is a strategic solution, executives must also understand the high level of change management required, and consciously work to justify this change by showing the important link to strategic business goals.

Align Stakeholders and Sponsors to Maximize PLM Value

Once the business case for change has been identified and communicated, retail executives need to align stakeholders to the goals and objectives. A clearly defined goal will help to focus priorities and ensure commitment throughout the process. Senior-level sponsors should also be identified to help drive the PLM transformation and support a dedicated team who will own the implementation. The right support will ensure momentum and continued support from the business.

PLM transformation is strategic. To maximize the value from a PLM investment, retailers must ensure that, from the beginning, PLM is used as the strategic lever it is intended to be. Executives must be able to align the organization around the strategic business goals, and articulate how PLM can help reach them.
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