Top Six Things about Retail PLM Transformation
Part 6: PLM is More Than an Implementation

by Sergio Martinez and Vipin Goyal

Retailers overwhelmingly recognize the need to leverage 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 final part of this six part series.

PLM is More Than an Implementation

PLM is not your typical IT system implementation; it is a strategic transformation initiative. Strategic transformations affect people, processes, data and technology. Companies that only focus on the technology aspect miss out on the true benefits of PLM.

PLM affects many departments and requires a cross-functional team to work together and make decisions. End users are usually not oriented to the process, structure, roles and linear decisions required for a successful PLM program. As a result, PLM implementations typically require a significant amount of change management and process design work. Data migration can be another big challenge as the product, material, color, BOM and other data often resides in many locations (including emails), may be in multiple formats with varying levels of quality.

In order to achieve a successful strategic transformation through PLM that helps achieve business growth goals, companies need to spend significant time defining and developing plans to address people, process and data. This includes changing early perceptions of PLM; aligning leadership, management and processes; and prioritizing change leadership.

Change Early Perceptions of PLM

Many of us have been through difficult, drawn out IT system implementations. These experiences can taint our initial perception of PLM. It's important to help the whole company understand the enterprise-wide reach, along with the impacts and potential benefits for people, process, data and technology.

Consider this example: a designer sees a material in one of the top industry trade shows. Once back in the office, the designer asks the material and color development department to find out if they already have a similar material in their in-house database or if any of their current suppliers can provide it. He needs to define the material a little so that a ‘close-enough’ alternative can be found with similar aesthetic and quality characteristics. This means that at least three different parties are already involved with the new material research and development… for only one new item.

In reality, this scenario happens frequently and for a large number of materials, colors, and graphics. Each time, it involves the larger product development processes involving internal and external groups - merchants, designers, product developers, sourcing and quality teams. In order to make all of this work smoothly, the data all these people use to collaborate and manage all these development projects must be high-quality, clear and complete. PLM can help manage all of these processes and keep data streamlined.

This example underscores the importance of people, processes and data. Retailers must work to change early perceptions of PLM as a technology-only effort.

Align Leadership, Management and Processes

A successful transformational initiative aligns three critical dimensions:

1. Executive (top-down) direction setting or strategy to foster the right focus on the ultimate objectives
2. Middle-management (bottoms-up) defined performance improvement targets to drive engagement and commitment
3. Core process (cross-functional) redesign to arrange the task sequence and information flow in new ways to achieve breakthrough improvements

Each dimension is critical. If executive direction is absent or unclear, middle-management may focus on the wrong things, wasting time, energy and money developing and deploying new skills or activities that won’t be used. If middle management is not engaged, focus will be lost, motivation will falter, momentum will flag, opportunities for improvement will be overlooked and the required new skills will not be built. If the redesign of cross-functional processes is ignored, business function process improvement efforts will never add up to the critical mass of change required.
Without careful alignment of these three dimensions, PLM may help end users to marginally improve their performance, but it will not push the company meet strategic business objectives.

Prioritize Change Leadership

Many organizations overlook the importance of a change leadership structure to support a strategic transformation strategy like PLM. There is a general misconception that efficiency and cycle-time reduction will be achieved overnight after the go-live of a PLM application, but this is never the case. A typical PLM transformation encompasses two to three phases of functionality deployments; each of these phases may require the development of new skillsets and cross-functional collaboration methods.

To ensure a successful outcome, companies should establish a change leadership team that includes executives and well-respected business process leaders with a deep personal and professional commitment. Their role is to coach and influence middle-managers and business function leads, focus their change efforts and to provide a forum for objective discussions of gaps, progress and lessons learned. They also provide executive-sponsored support for continuous process optimization and issue resolution.

Conclusion

Strategic organizational efforts like PLM are more complex than just a technology implementation and require a transformational mindset. If not planned and managed well, they can overwhelm and fatigue the organization. When fatigue sets in, energy dissipates before the effort achieves its true objectives. It is very important to change early perceptions of PLM, align the key transformation dimensions (top down, bottom-up, cross-functional), and establish strong change leadership. The only way to achieve the maximum value of a PLM initiative is to transform the business to support it.

Product development in RFA is very complex. It requires a continuous flow of data and information, connecting numerous people and teams – both inside and outside of the company. Clear roles and responsibilities improve the efficiency of these hand-offs. PLM can support the needs and processes for teams responsible for planning, merchandising, design, development, sourcing, costing, quality, vendor collaboration, and production.

PLM represents a strategic organizational transformation. When used appropriately, PLM processes and software can help RFA organizations generate better ideas, manage product pipelines, design more efficiently, and collaborate across functional, organizational and geographical boundaries.

Don’t embark on your transformative PLM journey without a coordinated, cross-functional plan of action. In the series “Top Six Things Every Retail Executive Needs to Know about PLM Transformation,” we have discussed the core components that are critical to understand before you start. By paying attention to all six of these things, retailers are much more likely to realize the potential organizational growth and efficiency benefits, and to maximize the value of their PLM transformation investments.

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