PLM Transformation in Hardlines

Success Story

The Home Depot, born in 1979 with three stores in the Atlanta area, is now the world's largest home improvement chain and the fourth-largest US retailer, with about 2,250 stores in the US, Canada and Mexico. Targeting the do-it-yourself (DIY) and professional markets, The Home Depot offers more than 40,000 items, including lumber, flooring, plumbing supplies, garden products, tools, paint and appliances.

Over the years, in addition to selling many leading national brands, The Home Depot has also created a space on the shelf for its private labels like HDX, Husky, Hampton Bay and Glacier Bay, which have become household names. The Home Depot is focused on creating more value for customers through their private label brands by providing high quality products at competitive prices.

Why Start a PLM Journey?

Vision to Strategy

The Home Depot needed a solution to help them ensure that their private label products met quality and performance requirements, while streamlining their end-to-end business processes. The key drivers defining their product lifecycle management (PLM) vision and strategy were:

- Support private label business
- Replace burning platforms
- Manage global operations and streamline disconnected processes and systems
- Enable engineering innovation

The Home Depot turned to PLM to meet these goals and help improve efficiency, reduce time to market and drive lower costs with clear, real-time visibility to critical business processes.

Laying the Foundation:

Select the Right Tool, Build the Right Team, Develop the Roadmap

To support their PLM program, The Home Depot needed to find a solution with features specific to the retail industry. It needed to be designed to effectively manage the retail supply chain, from planning to product development to sourcing, and seamlessly manage master data across various systems.

Recognizing the gap between their prior systems and their organizational needs, The Home Depot also focused on selecting the right PLM software, which for them was PTC's Windchill FlexPLM®. To ensure FlexPLM was a good fit, they executed a six week proof of concept before purchasing the software.

To execute the project, facilitate adoption and ensure long-term results, The Home Depot also focused on selecting the right PLM software, which for them was PTC's Windchill FlexPLM®. To ensure FlexPLM was a good fit, they executed a six week proof of concept before purchasing the software.

For more information, visit kalypso.com. Follow Kalypso on Twitter @KalypsoLP and on Facebook at Facebook.com/KalypsoLP.
**SUCCESS STORY**

The Home Depot also established clear success parameters up front, including harmonized and standardized processes, reduction in large lags, faster system performance, and scalability to roll out the solution to all product categories and global divisions.

**Setting the Boundaries: Tightly Managed Scope**

Because a comprehensive PLM system offers a tremendous number of features and functions to support development processes, companies implementing PLM often mistake by over-expanding their scope in an attempt to solve every problem at once. This type of “boil the ocean” approach can derail even a well-defined PLM strategic plan. In this case, the Home Depot chose to tightly manage the scope of their project, focusing on functions that met established requirements, and avoiding system customizations that did not pass a stringent cost-benefit analysis.

“Since we had a roadmap and strategy in place, we were also able to control the project scope and ensure that a customization might adversely affect our ability to meet our requirements for future phases,” said Steve Hartwig, Director of Program Management.

**PLM Project Success: Process, System and Organization Improvement**

With a practical approach, tightly managed scope and a fully staffed team, The Home Depot was able to achieve quick success in their PLM program. Immediate improvements included increased system performance, elimination of duplicate data, and simple yet effective business processes improvements supported by creative PLM system design.

“Two update 200Ks in the old system, we would have to manually update each one. Today we can make an update in one place and we’re done in 30 seconds.”

**“This is especially useful for things like the holiday season, when on-boarding volume spikes,“**

With the successful rollout of an enterprise-level PLM solution, The Home Depot has also reduced their risks, reduced the need for training on outdated, disconnected systems, and positioned themselves to meet their growth targets.

**Looking Ahead: The Future of PLM in Hardlines**

After successfully completing a few milestones along their way and reaching a major milestone, The Home Depot is now using FlexPLM to cover a large part of their private label product development and sourcing business processes. They are now on the path of continuous improvement.

**“We’re very pleased with our PLM initiative,” said Hartwig.**

**“Our people are happy, our suppliers are happy, and we’re able to drive significant improvements to our business, which will allow us to pass the savings along to our most important stakeholders – our customers.”**

**KALYPSO VIEWPOINT**

Q&A with Steve Hartwig, Director of Program Management, at The Home Depot

**Q – What is the biggest advantage you gained?**

A – As a retailer, we have a unique onboarding process for new products that is very different from traditional engineering development processes. We had a legacy system that did not support this process at all. Our needs change daily, so we needed a flexible solution.

**Q – What was the process for selecting a software and consulting partners?**

A – We looked for partners with expertise in our industry, and we’ve been a strong fit with Kalypso. Our very first meeting, several months before the project started, was important for us to understand the business, so instead of one or the other, I think it needs to be a combined effort. It starts by understanding the business and ensuring that everyone is on the same page.

**Q – What was the biggest challenge you faced during this project?**

A – As a retailer, we have a unique onboarding process for new products that is very different from traditional engineering development processes. We had a legacy system that did not support this process at all. Our needs change daily, so we needed a flexible solution.

**Q – Do you think of PLM as a project, or is it a system and organization improvement?**

A – PLM initiatives require alignment between IT and business, so instead of one or the other, I think it needs to be a combined effort. It starts by understanding the business and ensuring that everyone is on the same page.

**Q – How do you think of PLM as a project, or is it a system and organization improvement?**

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**Q – What are some leading practices for an implementation approach? When is customization good or bad?**

A – In today’s global environment, retailers and their manufacturers need to rely on consistent product data across a wide product range to support their growing businesses. Retailers need to ensure cross-functional efficiencies, reduce cycle time and cost of new product development, improve collaboration across the supply chain, and ensure compliance with regulatory requirements.

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**Q – With increasing numbers of new products and suppliers, retailers and manufacturers are facing a number of new problems and challenges. How do you think they should manage this?**

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