The Home Depot: PLM Transformation Success Principles

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.

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 needed to secure buy-in from all levels of the organization. They carefully built a comprehensive team, combining the right people from the IT and business functions, and identified subject matter experts (SMEs) within the company. The Home Depot also hired new talent as needed to fill any gaps. To ensure success, The Home Depot partnered with Kalypso, a leading innovation and product development consulting firm, to help validate their business requirements and develop a PLM roadmap prior to starting the implementation.

By clearly defining the roadmap prior to starting their journey, The Home Depot achieved executive-level buy-in around their objectives, helping to avoid headaches and detours along the way. Slicing their PLM initiative into manageable chunks allowed them to deliver results early and often, proving the ROI incrementally, while working towards the larger goals.
**SUCCESS STORY**

PLM Project Success: Process, System and Organization Improvement

With a practical approach, tightly managed scope and a carefully crafted rollout, 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 process improvements supported by creative PLM system design.

*The overall PLM program led to a number of transformational results:*
- **On-time and on-budget**: 40% of onboarding volume within six months
- **Pull vs push adoption**: users requesting access to the system
- **Leveraging external users to drive business functions**: significant increase in internal user efficiency
- **Cycle time improvements exceeding target goals**:

Companies that are successful with increasing user adoption address these four key areas and continue to engage users, and communicate consistently with all stakeholders.

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

Q – What is the biggest assurance change you’ve had?  
A – As a retailer, we have a unique onboarding process for new products that is very different from traditional engineering or development processes. We had a legacy system that did not support this process; there were issues. As a result, iteration during key milestones took longer than expected. The Kalypso team didn’t cause us much critical concern. One of our biggest challenges was selecting and coordinating resources to build a platform for product development processes. The model we chose at the time was intended to support our key business requirements, inventory and supply chain business processes, and develop a detailed roadmap for our PLM implementation.

Q – What is the rollout approach for the process and the system to the business? How did you increase user adoption?  
A – Our approach to the process and systems to the business is called “boil the ocean.” We start by identifying the volume of users and the requirements of the business. Once we have an understanding of the overall volume of users, we can determine the requirements and design our approach around those requirements.

Q – Do you think of PLM as a business transformation or a system implementation?  
A – PLM initiatives require strong alignment between IT and business project stakeholders. The Home Depot was struggling with a legacy system that didn’t support their unique needs as a hard goods retailer. To succeed, they needed to replace the legacy system, manage the objectives of their PLM program with their core business goals, and support the evolution of their private label brand.

Q – What are the key success factors for PLM at The Home Depot?  
A – The Home Depot used a phased rollout approach, phased implementation, and a clearly defined road map. They worked closely with Kalypso because they made it clear that they had high levels of product quality, and reduced rework costs. With a practical approach, tightly managed scope and a carefully crafted rollout, 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 process improvements supported by creative PLM system design.

Q – Why do you think PLM is a business transformation?  
A – PLM initiatives require strong alignment between IT and business project stakeholders. The Home Depot was struggling with a legacy system that didn’t support their unique needs as a hard goods retailer. To succeed, they needed to replace the legacy system, manage the objectives of their PLM program with their core business goals, and support the evolution of their private label brand.

Q – What are some leading practices for an implementation approach? When is customization good or bad?  
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Q – Do you think the FlexPLM implementation at The Home Depot will drive efficiency and lead to period-on-period growth?  
A – Absolutely. FlexPLM is known for its strength in the fashion and apparel industry, but it holds great promise for other retail segments. The implementation at The Home Depot does not stop there. Kalypso and The Home Depot have a long-term partnership, and their future work will focus on expanding the scale of their PLM systems at other major retail companies.

**KALYPSO VIEWPOINT:**

Q&A with Virip Goyal, Senior Manager at Kalypso

Q – What is the key success factor for PLM at Home Depot?  
A – The Home Depot was the first use of FlexPLM for a hard goods retailer, and successfully demonstrated how PLM can drive efficiencies in the hard goods industrial space. The implementation at The Home Depot was a pivotal point in the development of the PLM software solution, which has now become an industry standard. 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.

“With the successful rollout of an enterprise-level PLM solution, The Home Depot has also reduced rework, improved cycle times, and positioned themselves to meet their growth targets.”

**Looking Ahead: The Future of PLM**

After successfully completing a few milestones along the way, the Home Depot project and journey to reaching PLM success. 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.

“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.”

“Before we started, we had a clear vision of what we wanted to achieve, and we worked closely with Kalypso to align our PLM systems at other major retail companies.”

**KALYPSO TRANSFORMATION JOURNEY AT HOME DEPOT**

PLM Transformation Journey at Home Depot