With 2010 coming to a close, the consumer packaged goods (CPG) industry is looking to drive innovation and improve new product success in the next decade. However, many companies are attempting to do so with fewer resources — and often with leaders who lack awareness or ability to change their old ways of doing business. When coupled with the frightening 75 to 95 percent failure rates of new product introductions, these factors create a daunting environment for CPG innovation.

To greatly improve the productivity of development and innovation processes and the likelihood of new product success, many companies in industries such as automotive, aerospace and high technology have deployed a rich set of Product Lifecycle Management (PLM) processes, solutions, and data management practices. However, CPG lags behind other industries, with most companies just recently becoming aware of PLM as a key enabler of improvement in product development.

Despite a generally slow adoption rate, some CPG companies are moving ahead of the competition by deploying PLM. CPG companies that have implemented PLM effectively are reducing development cycle time, increasing innovation capabilities, and leveraging existing company assets to drive efficiencies during the design and development stage.

The first step in implementing a PLM system is defining a company’s most valuable innovation asset — the Product Data Record (PDR). The PDR is all of a company’s product development data generated from concept to commercialization.
The PDR is at the core of a successful PLM implementation and is the single version of truth for a product that identifies all the data elements and the relationships that fully define and describe the product (e.g., formulas, engineering processes, quality standards, product claims and marketing information). A well-defined PDR data map forms the blueprint for effectively designing successful PLM implementations that drive proven benefits, including:

1. Condensing product time-to-market and time-to-profit by 30 percent
2. Reducing product development costs by 10 to 40 percent
3. Improving innovation resource productivity by 20 to 30 percent by facilitating collaboration
4. Guaranteeing compliance and allowing traceability backward and forward from any lifecycle state of a product, ingredient, process, or idea from concept to commercially available product
5. Facilitating the reuse of existing knowledge and expertise
6. Rationalizing IT infrastructure through consolidation and streamlining

During a recent Kalypso client engagement, a PLM diagnostic helped a food company identify opportunities to leverage PLM solutions in its product development and innovation processes. Senior management struggled with understanding the extent of the problems until Kalypso graphically mapped all their core product data and documents. The result was an impactful PDR visual that revealed the manual data transfers and islands of data generated during the product development process. With one picture, management understood and embraced the business case for change.


In this chapter, authors Chip Perry and Max Cochet draw insights from working with CPG companies to achieve significant business results by improving their new product development and innovation processes. This chapter offers an excellent overview of best practices for successful PLM implementations in CPG.