In today’s slow-growth consumer spending environment, companies must rely on taking market share in order to grow. Winning organizations differentiate themselves by bringing stronger brands and better merchandise to market faster and cheaper. This type of differentiation strategy requires a solid technology foundation built around a Product Lifecycle Management (PLM) solution. Whether you’re a fashion, food or hardlines retailer or manufacturer, PLM success depends on asking the right questions to select a solution that best fits your company’s unique requirements.

PLM keeps coming up in internal and external conversations. Should this be a priority for us? If all the major players in my industry are doing it, shouldn’t I?

Answer: PLM can be a powerful and useful tool for your organization. However, the key to success is to find the right solution for your organization. All PLM solutions are not made equal.

Advice: There is a reason why major players in your industry are doing it. PLM has helped many companies transform the way they plan, design, develop, source and launch products. However, while there are many qualified PLM vendors in the marketplace, not all of them are designed to meet the specific needs for food, fashion and hardlines merchandise. PLM for retail can drive overall efficiencies in an integrated supply chain framework, versus PLM for discrete manufacturing which is more focused on engineering product data management. PLM solutions that are tailored to food, fashion and hardlines merchandise have improved significantly in recent years, so even if you looked at the market 3-4 years ago, it’s well worth a re-evaluation. Before you dive straight into the selection process, talk to PLM thought leaders who can help you pinpoint solutions that best fit your specific needs.
Who needs PLM? I’m a retailer and I don’t really “make” products. Do I still need it?

Answer: Definitely! PLM is not just software to manage your product data. Today’s PLM tools offer functionalities that integrate core product design and specification development with end to end supply chain, globally! For retailers who don’t “make” products, the key focus of PLM is to help you manage both internal and external collaboration in your product benchmarking and sourcing process.

Advice: Historically, PLM systems were primarily used for product data management, but today, PLM has evolved to become a true enterprise solution. Even if you are not actually developing products, you can still benefit from using a PLM system to manage your entire product lifecycle, including product benchmarking, line planning, sourcing, production and launch. In some cases, retailers also use PLM to manage post-sales product service support. Defining a PLM strategy upfront that meets your specific requirements is key to getting the maximum ROI from PLM.

I have several distinct product categories. Can I use the same PLM tool for all?

Answer: It depends!

Advice: First you need to define if the system will be used to manage product benchmarking, sourcing, development, or a mix. If you intend to use PLM to manage benchmarking or pure sourcing, the process may be similar enough that you can fit all of your product categories into one PLM tool.

However, if you are going to use PLM to manage your entire product development process, it may be difficult to fit all of your product categories into one system, depending on their degree of variance. For example, some PLM tools are designed with specific product development management functionalities that are key in fashion, such as extensive material, color and seasonal development capabilities. Other PLM tools offer excellent integration functionality with engineering CAD applications that are typically used in hardlines categories. Some offer best-in-class formulation and ingredients management capabilities that fit the specific needs of personal care, food and beverage product development. With that in mind, if you are a retailer or manufacturer with products that fall into more than one of these categories, your best solution may be to evaluate multiple PLM tools to drive the best efficiencies for your organization. Most importantly, a higher degree of variation in product categories demands a higher focus on upfront PLM strategy and roadmap definition before you deep dive into PLM software selection.
My company is really running lean right now – how do I prove the business case for PLM if I can’t prove a hard ROI?

**Answer:** The goal of PLM is to make your employees more productive with the help of best-in-class business processes and technology solutions. Your justification for PLM will require both qualitative and quantitative components to prove your business case.

**Advice:** PLM results in elimination of non-value added tasks, reduced cycle times, and improved overall end-to-end process efficiency. This will help your organization to improve inventory efficiency and reduce your cost of goods sold, resulting in overall margin improvement. The PLM ROI analysis is a bit different than ERP or other initiatives which are transactional in nature. An effective PLM solution will integrate various functional and cross-functional business teams in the end-to-end supply chain to gain a variety of intangible and tangible benefits. Besides the hard ROI, many intangible PLM benefits lead to setting up a stable and scalable foundation to your integrated product development processes and systems to support future growth. Consult with PLM thought leaders to identify the right PLM business case and how you will measure ROI for your company.

As head of Product Development, can’t I just make this selection and get moving without the other departments fully engaged? I’m afraid that we’ll never agree if I include everyone.

**Answer:** PLM will only reach its full potential when it is effectively used by your entire organization. Gaining alignment between IT, product development and sourcing around the value of PLM is an absolute must prior to selection.

**Advice:** Getting the business aligned on the value of PLM will require a road map of the product development process in your specific organization, so that you can understand what value is created in each phase of the process and how it affects the organization overall. Once you’ve gained alignment on the need for PLM, you’ll also need a plan for governance of the decision process.

Even your time to decision has an ROI, so don’t spend time looking at too many vendors. If you’re spending too much time on the selection, you’re missing out on your core focus: strategy and deployment. The selection process should be concise and thorough so that you can use your time on real priorities down the road. Having a solid understanding of your strategy and criteria will help you pare down your target list to vendors that are a better fit for you from the start.

What’s your view? Still have questions on how to get started? In Part 2 of this Q&A series, we’ll cover what questions to ask regarding PLM implementation, and offer advice on how to find the best PLM solution for your organization.