

## **Product lifecycle management in fashion retail – but not as we know it**

### **1. What actually *is* PLM?**

Think “product lifecycle management” (PLM) and what occurs to you? A “system”? Complex software that will replace Excel, Word, Outlook and let you do lots of monitoring and reporting? Something all retailers have except you? Something you’ve been looking at for months or years but just can’t decide if it’s going to be good for your business?

You may have answered “yes” to any of those questions, most probably the final one, but the fact is that no-one seems to be able to come up with a satisfactory definition of PLM or how it could bring hard benefits to a fashion retailer. For many retailers struggling to maintain or even achieve growth in their businesses, PLM itself is not top of their agenda. Talk to them about tills, space-planning or top-down range planning and you have their attention – talk to them about PLM and their eyes may glaze over and they may start shuffling their papers.

Product lifecycle management (PLM) is a set of processes and software to support them. In one way or another it’s been around since people first started making and then selling things – otherwise those things wouldn’t have been manufactured or sold.

It’s used heavily in manufacturing verticals such as automotive and aeronautical because of

- complexity of supply chain
- the need to specify materials and components down to a very level of detail
- the need to control costs from component level upwards
- the complexity of manufacturing processes and technology
- there are generally fewer, but much more complex individual products

Garment and fashion manufacturing and retail are very different in every respect listed above. Fashion retail especially is more of a creative, constantly changing business, with a need still to be disciplined but more agile in its processes and systems. It typically deals with more products that are less complex than an aeroplane.

Fashion is also a fast-paced industry that involves more and more focused activity happening over ever-decreasing seasons – and relies heavily on the energy and creativity of its key creative, merchandising and logistics people to keep it moving in the right direction. All against equally fleet-of-foot competitors.

## 2. Why hasn't PLM software been more widely accepted?

Our experience indicates that as it stands right now, PLM as a *system* may be fully embraced by the automotive and aeronautical industries, but it still has some way to go with fashion retailers in Europe. Yet as a *concept* and a *process* PLM in fashion retail has been around for decades – it just hasn't been widely accepted in terms of a single software application that “does it.”

Why hasn't the take-up of big PLM systems been consistent with the early predictions?

At *The PLM Practice* in the UK we've been watching with interest the leapfrogging of PLM software vendors with new features in their suites. There was first a 2-dimensional bill of materials (BOM), then a 3D BOM and then a 4D BOM – somewhere out there you may find an 8D BOM. Also, PLM software includes Excel-style functionality and allows retailers to control aspects of their business down to very fine detail – but is any of that actually needed?

So we think that in some respects they are missing the point. Quite a few points:

- The dynamic, creative and therefore constantly changing nature of retail
- What fashion retailers are producing and selling – not a single product like an aircraft, produced over a period of years with a massively complex supply chain and a need to specify components down to hundredths of a millimetre, but hundreds of simpler products, produced over periods of weeks
- How people within retailers work, eg less detailed product specification, greater need to aggregate products and ranges up to enterprise level to provide better material and manufacturing sourcing, etc
- The bare minimum of time available to learn new processes and complex new software
- The areas of REAL savings that are needed in retail – not *efficiencies in the supply chain* but fractions of a percentage point added to margins

In the view of *The PLM Practice*, this is why success has not followed the early promise of PLM software for retailers, especially in fashion. At one large retailer, the savings potential claimed by a PLM vendor following the proposed 12-24 month implementation of its software was matched by the CEO re-negotiating its deal on carrier bags – a 5-minute telephone call. No change management headaches, no new software to learn, no investment to make.

So the question to answer is this – is there a need for *any* PLM software at all?

### 3. Is there a need for *any* PLM software at all?

In the previous article we were exploring whether or not there was anything “in” product lifecycle management for fashion retailers.

To return to the point I made, what about the *process* of product lifecycle management? Our view is that if a retailer optimizes the way that they work, the software requirement becomes simpler – and there are then opportunities to introduce more general efficiencies into the business.

Wouldn't you like this if you had a choice:

- You change some of the business practices you use to introduce efficiencies and hard savings into what you're doing
- You keep the same people running your business
- They keep using the same systems they always have
- You stay with the same suppliers
  
- But your collaboration, communications, product development, sourcing – all improve

It wouldn't be as expensive or complex to achieve that as you think. At the very minimum, if you've made your processes efficient you'll realise savings in time and/or money. If you go beyond that **by using the software that you already have more intelligently** then you'd achieved what many of the mainstream PLM software vendors claim but without:

- high costs involved in a long, expensive project
- diverting key people in the business away from actually running it
- soaking up time of internal services such as IT or HR
- having to turn your key people into PLM software *black belts*

So you get PLM *efficiencies* without necessarily involving PLM *software*.

#### The choices

1. do nothing – your PLM will improve on its own
2. change your processes, no other changes needed
3. change your processes and software
4. change your processes, use your existing software better

#### 4. Product lifecycle management – what next for you?

How should you approach evaluating PLM?

First, break the concept and process of product lifecycle management in your business into its constituent parts, in the light of how it helps you to achieve your objectives.

Those parts might be:

- Research – lifestyle trends, product/design trends
- Planning the ranges
- Defining each style
- Sourcing fabrics, trims, manufacturing
- Sample management
- Cost management
- Inform/manage
  - o Logistics
  - o Product marketing
  - o Manufacturing
  - o Space planning
  - o Warehouse management
- Supply chain complexity and “nature”

Then analyse those processes and identify the issues that prevent your business from delivering what it needs to deliver. Those issues might be too much admin work, too many samples, high rejection ratio, disparate cost management and other problems.

Decide what changes you need to make to the **process** that would help you better to deliver, then be objective in thinking about how much of each problem is caused by the software you’re using. What doesn’t it do that you need it to?

Then review what’s used to support that process

- People – internal and external
- Organisations
- Geographical sites
- Software
- Media

Once you’ve done that, and made the process as good as you think it can get without changes to technology, think to yourself “What changes do I now need to make to the technology?” And this isn’t just a technical decision – it will also have managerial impacts that could be so wide-ranging and complex that it might either make or break your business.

## 5. What might be the options?

Option one – do nothing to the technology. This may have minimum impact, technologically, commercially – and psychologically.

Option two might be to look at tactical improvements to the technological stream. This might be to keep everything as it is now but introduce a product data management or critical path management system. Or introduce a single piece of software that omproves collaboration.

Option three might be a full-blown PLM system. Unless you were a start-up, this would probably have the highest impact on your business in every respect, both good and potentially bad.

Any one of those options might be perfect for your business, depending on your specific circumstances. At MCL we're developing a fourth option which we believe gets closest to the holy grail of maximum benefit for lowest risk, but we'll develop it further before saying anything about it.

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