Rapid implementation is key to achieving rapid benefits. How can an industry that expects a slow return on investment speed up the process?

After a Difficult Downturn, Is Technology the Key?

Much of the apparel, consumer goods and retail industries survived the recent, historic downturn by closing stores, and reducing inventory, staffing and expenses. Now, the survivors must grapple with how best to help their organizations navigate the current conditions.

For many, the answer lies in technology. This fact was underscored in *Apparel Magazine*/AMR Research's recent study, "Top Technology Trends in the Apparel Market." The survey found that the vast majority of respondents—92 percent—have come to view technology as a critical and strategic investment for future operational success. And, because of its ability to help manage product costs and quality, and assure trend-right products reach shelves on time, product lifecycle management (PLM) software is a primary area of technology focus.

Yet believing that technology is a critical investment begs a next, logical question: how long will it take to see a return? After researching and investing in a PLM solution, when can an organization expect to reap the benefits?

The same *Apparel Magazine*/AMR Research report found that nearly three out of four respondents did not expect to see a return on their product design, product development, or sourcing technology investment for 12–18 months—or longer!

How Long Should Benefits Take?

At Centric Software, we believe that such expectations of benefit delivery are unreasonable. Instead, Centric believes that apparel, consumer goods and retail companies with hard lines, soft lines or both should expect—even demand—to see meaningful returns on PLM investments within a product cycle, or 4–6 months.

The belief that value should be realized within one product cycle guides Centric's product development efforts and implementation practices. We embed in our products the domain expertise, business practices and processes, that are common within the apparel and consumer goods industries, thereby helping to assure rapid value delivery.

Moreover, our vision is guided by a philosophy about a "right" way to implement enterprise software. This philosophy helped us develop an implementation methodology that assures Centric PLM customers rapidly realize measurable and meaningful results.

This white paper outlines the principles that form the foundation of Centric's rapid implementation methodology, and includes a brief example illustrating how one customer used the approach to achieve rapid return on its PLM investment.

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Principles to Assure Rapid Benefits from PLM Technology

Principle 1: Find and prioritize problem areas.

Identify the functional areas and business processes that present the greatest challenges to the organization. By assessing these problem areas and solving them first, an astute organization creates an early "win," and generates savings and improvements early in the technology deployment. These early-phase successes can even finance the next phases of improvement as further challenges are addressed. Creating early returns on investment by focusing on the biggest problem first is crucial to achieving rapid value.

Principle 2: Assure the selected technology can deliver enterprise-level impact.

The next step in creating rapid return on investment is to ensure that the selected technology solution is capable of addressing a problem that impacts the entire enterprise. Investing in a solution capable of resolving the problems of only one work group will limit the benefits to that one group, do little or nothing to benefit the larger organization, and make the expense more difficult to justify.

Principle 3: Ease of use and user adoption are critical.

Senior-level managers often overlook the criticality of ease of use and user adoption, yet both are gating factors for rapid return on technology investment. Why? Technology that is easy to use ensures more widespread and rapid user adoption, and minimizes training requirements and costs. Rapid user adoption assures that process improvements meet their goals, and the technology investment will more quickly achieve its return potential.

Principle 4: Modularity is key.

Rapid return on investment also depends on the adoption of technology designed to deliver value through a modular value approach. Yet this "modular-value approach" idea can be a tricky concept. While virtually all software is sold in modules, not all software is designed to, or capable of, delivering value at the module level. Most software is sold in modules that are highly interdependent. To deliver benefits, the module must be combined with a number of other modules, at significant added cost. Alternatively, a single module must be highly customized to the individual customer's environment to deliver value, again at significant added cost.

Instead, Centric's PLM solution is delivered in modules that work independently and out-of-the-box to address critical business process problems common to the apparel and consumer goods markets. If a customer's highest priority problem area is sourcing, Centric's sourcing module can be implemented quickly and out-of-the-box—avoiding customization delay and expense—to deliver full functionality and enable rapid benefits in the sourcing area.

Yet, Centric system modules work together to deliver valuable synergies, creating an important "1 + 1 = 3" value often sought by customers. The end result is that Centric allows customers to focus on one, undeniable problem area first, and then—when ready—move on to another problem area and synergistically add appropriate modules as needed.

► Acceptance of a long PLM implementation means acceptance of late product launches, missed revenue opportunities, excessive costs, eroding margins and lost profits.

Step 5: Avoid customization.

Rapid return on software technology investment means avoiding customization projects. Customization leaves the customer with a highly unique, one-off solution that matches up tightly with the immediate requirements of the business. But what happens later, when demands have inevitably changed, and the customized technology no longer addresses current issues?

Moreover, customization is very expensive. Considering the initial cost of software, the cost of rewriting it to meet specific needs, and the duration of the customization project when potential savings and other returns are deferred, customization really drives up investment costs.

Finally, customization leads to "rev lock." When the technology inevitably upgrades to the latest version, with new features and functionalities, a customized solution cannot make the migration without additional, costly customization.

An Example of Rapid Results

Centric's rapid implementation methodology has been used with great success by customers in the apparel and fast-moving consumer goods industries with soft lines, hard lines or both. One such company is Klim USA, a young, dynamic and growing company based in Idaho. The Klim USA story provides a strong illustration of how quickly a PLM system can produce results.

Klim USA makes apparel and riding gear for enthusiasts and professionals in the snowmobiling and off-road motorcycle markets. Their products are considered highly technical and high-end. The company has experienced phenomenal, triple-digit growth for the last several consecutive years. Even in the current economic climate, the company projects more than 30 percent growth for the year.

Klim USA's product designs, materials, performance requirements, cutting and assembly are all highly complex and must meet exacting standards of quality. A design philosophy focused on "finding the pain" that the customer experiences—and making that pain go away—has been crucial to Klim USA's success in its markets.

Moreover, the company's management leverages best practices at every turn in their business operations. The company is a strong advocate of technology as a business enabler of their strategic vision.

Yet like many others in the apparel and consumer goods markets, the company was struggling to manage its product development, sourcing and calendar management on a proliferation of spreadsheets. The company's business plan linked directly to its line plan, or as the Klim team called it, the "calendar," but at times, the company missed launch windows for 30 percent or more of its products. With limited visibility, managers could not identify those products most at risk, or know where to add resources for the greatest impact.

The sample development process was also problematic for the Klim USA team. Complex products, complicated production, and very high quality requirements, meant sample development became seriously delayed and expensive, riddled with back-and-forth efforts that wasted cycles and time.

The slow, cumbersome sample development process, coupled with a lack of visibility that hampered managers' efforts to make timely decisions, had impact throughout the enterprise. Higher-than-necessary costs impacted margins. Delays impacted overall revenue by keeping seasonal products from making their launch dates. Poor visibility into tasks, schedules and deadlines kept the team from evaluating opportunity costs and making the best of valuable resources.

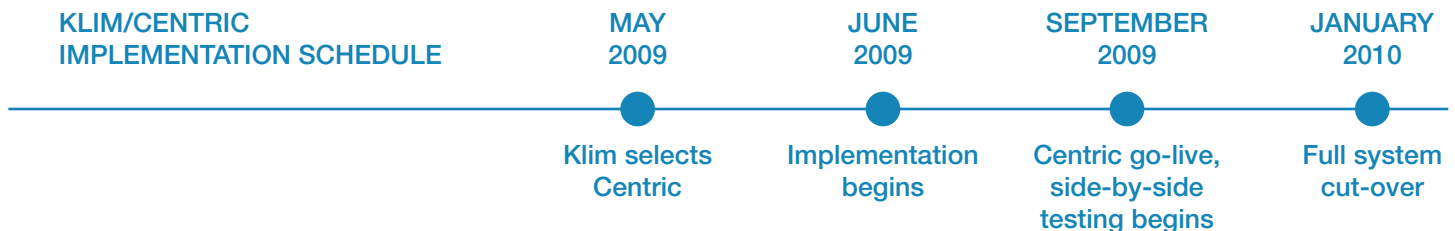► **Principles to Assure Rapid Benefits from PLM Technology**

- Find and prioritize problem areas.
- Assure the selected technology can deliver enterprise-level impact.
- Ease of use and user adoption are critical.
- Modularity is key.
- Avoid customization.

Identify the problem. Focus on the problem. Solve the problem.

Understanding the model was unsustainable, Klim USA's management determined it needed to find a way to grow the business and increase productivity, efficiency and visibility. Klim USA selected Centric 8 as its PLM system to speed product development cycles, reduce errors, improve efficiency and improve visibility.

Klim USA focused their efforts on a specific problem area: the 30 percent of its products that missed their seasonal launch opportunities. By maintaining that focus and leveraging a technology investment in PLM that delivered an out-of-the-box, modular approach to value delivery, the company has already seen improvement—in one product cycle.

Senior management predicts that in the first full seasonal line in which they use the Centric 8 PLM system they will cut the number of products missing launch dates by at least half.

KLIM/CENTRIC IMPLEMENTATION SCHEDULE	MAY 2009	JUNE 2009	SEPTEMBER 2009	JANUARY 2010
	Klim selects Centric	Implementation begins	Centric go-live, side-by-side testing begins	Full system cut-over

Recapping the Formula for Success

Klim USA looked for a solution to address its specific problems in product development, knowing this would end up delivering enterprise-wide impact. The company leveraged a modular technology approach and insisted on out-of-the-box functionality. Klim resisted the temptation to customize, maintained its focus, and only one season later is seeing results.

An industry that expects to wait 12 to 18 months or more for benefits is an industry that is willing to tolerate late product launches, miss market windows, and accept missed revenue opportunities, excessive costs, eroding margins and lost profits.

Yet there's no need to wait. The Klim USA story provides a text-book example of how businesses should approach their technology investment strategy to assure that the value they seek is realized rapidly.

Remember value—and success—is achievable in one season.
- Find and prioritize problem areas.
- Assure the selected technology can deliver enterprise-level impact.
- Demand 'ease of use' for rapid user adoption.
- Seek modularity for rapid deployment flexibility.
- Avoid customization

More Information

Centric Software is a leading provider of product lifecycle management (PLM) solutions for makers of hard-lines, soft-lines, or both in the fashion and consumer goods industries. To learn more or speak with a Centric representative, call +1.408.574.7802, x399, or visit our web site: www.centricsoftware.com.