



“ The worker is now a valuable capital asset, akin to a fusing machine or a computerised laser cutter ”

David Birnbaum


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COMMENT: PLM proves a perfect fit for retailers

The challenge for today's retailers is to create a responsive and cost-effective supply chain with an efficient, speedy and transparent way of working. And for many of them, Product Lifecycle Management (PLM) is the perfect tool to manage products dynamically through the development cycle from concept to shop floor, says SD Retail Consulting's Simon Blower.

Do you need a product supply chain which:

- > Delivers improving gross margin?
- > Gives you visibility of the order from product concept to DC reducing the risk of unexpected delays?
- > Offers one or two critical paths with clear accountabilities for all roles?
- > Allows you to accurately cost products?
- > Enables collaboration and sharing of information with suppliers?
- > Deals dynamically with changing demand?
- > Is simple and cost effective to maintain?
- > Provides everyone with the same version of the truth?
- > Gives you control of stock holding?

Sounds too good to be true doesn't it? Retailers in the apparel and general merchandise world are grappling with these issues every day and searching hard for solutions.

But a lot has changed, including the consumer. Today's consumers are much more demanding and savvy in where they buy, mixing designer labels with 'disposable' fashion, researching widely on the web in advance of buying and relying on social media to be 'in the know'.

Add to the alchemy the changing economic climate, environmental and ethical sourcing concerns - and today's retailer has a complex, fast moving dynamic to contend with.

On the upside, the growing internationalisation of trade has opened up new sourcing destinations for retailers. The Far East and in particular China is often seen as a good place to start. Flexible manufacturers, low labour costs and a strong willingness to trade has made this a great place to source product.

But things are changing. On the supply side, the labour market is tightening and raw material prices are rising. On the demand side, consumers want fast and regular season changes whether it be in fashion or general merchandise.

The result? A complex supply matrix, in which the retailer seeks to get the best of all worlds to maximise gross margin, retain flexibility and to create a differentiated offer for the customer.

The challenge? To create a responsive and cost-effective supply chain with an efficient, speedy and transparent way of working.

Retailers need to reduce lead times, develop in-season capabilities to re-stock high performing products and deliver an innovative 'on trend' flow of merchandise.

Many retailers are struggling with legacy systems and processes designed and built for a different era. It's not uncommon to have over 20 critical paths running concurrently in an attempt to master a mixture of seasons, product ranges and product lifecycles typically managed on complex spreadsheets.

PLM for performance

Of course there is a different way. Product Lifecycle Management (PLM) has emerged as the system and processes that 21st century retailers are

using to master the dark art of managing product development from concept to shop floor.

The key is to define the relevant critical path processes, align the people and then support this with the enabling technology of PLM systems.

The new PLM tools allow product developers, buyers and merchandisers to manage products dynamically through the development cycle, and on through the buying and order creation processes, providing greater visibility and transparency.

This transparency and collaboration between the retailer and the supplier streamlines timelines, reduces re-working and delivers the product right first time for the customer.

There are a host of proprietary systems now available to master some or all of the tasks in the critical path and these too are spreading beyond just the supply chain: new technologies allow 3D representations of product; virtual changing rooms allowing the customer to 'dress virtually', with different products, colours and sizes.

The multi-channel customer of today is fast embracing the new ways of buying and it won't be long before these initiatives become the norm on websites and in store.

PLM brings together all the informational elements to manage a product lifecycle effectively: common critical paths, simple task management, transparent costing models and visibility to all those involved in the development, shipping and movement of goods.

However, put rubbish data in and you get rubbish information out. The system is only half the solution.

Changing how differing departments and stakeholders work together is key. Put simply, collaboration around common processes and tasks, with clear accountabilities utilising the information flows that PLM brings will deliver the flexible efficient product supply chain that retailers today need.

Retailer reforming its approach

Implementing a PLM tool needs to be driven by the business for the business. It is not an IT project. And Woolworths South Africa is a great example of a retailer reforming its approach to customers and changing the way its teams work to deliver it.

One of South Africa's foremost retailers, Woolworths had started to lose its way. Its range had lost edge and customers knew it. The new business knew it had to change and began a programme of revitalisation, to become value driven, innovative, but above all differentiated from the rest of the market.

SD Retail Consulting was drafted in to develop new product buying and merchandising processes with the appropriate organisational structures to deliver a customer focused offer with the support of the existing PLM solution.

The results? A crystal clear view of who the customer is, and a clearly defined ranging and merchandising structure to meet what Woolworths' shoppers are looking for. The results have been transformational; previously complex and slow processes have been replaced by simpler, clearer ways of working; new range development times have been slashed and gross margin is showing a positive upward trend.

Retailing is a simple business model. It's just not easy to get right. A PLM tool is not a universal panacea.

The retailers achieving the greatest success combine the streamlining of merchandising processes with the development of the appropriate structures, job roles and accountabilities and support this with the appropriate PLM tools and systems.

Simon Blower, is a director at SD Retail Consulting, a retail consultancy that helps businesses make change to deliver higher performance and specialises in extracting more value from the supply chain.