

WITH A TWEAK HERE AND THERE, PLM CAN BE A STRATEGIC ADVANTAGE

We see a lot of PLM implementations throughout the apparel, footwear and accessories industry and it is clear to us that value is being left on the table in the vast majority of them. While many recognize that these opportunities exist, far too often companies are waiting for big capital cycles to unlock them. We believe that we as an industry need to break out of this cycle and make small targeted investments to capture these tangible and material benefits now.

When PLM tools entered our industry almost twenty years ago, they promised to enhance productivity like they did in discrete manufacturing. Our clients embraced them, and excitedly took advantage of the new web-based world – a single version of the truth, accessible wherever someone was, with roles extending through the internal teams driving product development to the vendors that they worked with for raw materials and finished goods. Having spent 15 years implementing these tools we can tell you these benefits were only the tip of the iceberg.

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As we continue in our second decade, when treated as a strategic toolkit, PLM unlocks COGS savings and traceability that are beyond what any manual tool or process is capable. It can mine through a season’s BOMs to aggregate what fabrics, tools and trims are being used, and identify where there is opportunity to consolidate and reconcile. Cost sheets can be analyzed and compared across vendors and seasons, identifying outliers and opportunities for negotiation. Traceability and visibility to various components allow for sustainable approaches to be used throughout the development process. A PLM system implemented with these goals in mind is one of the very few tools that can materially improve gross margins. There are a few areas in PLM where companies should prioritize for moderate investment:

- Cost Sheets and Bills of Materials
- Analytics & Reporting
- Vendor Portals, especially for raw material suppliers
- Integration with strategic tools
- Updates to foundational libraries to support the above

Unfortunately, making a lasting impact is not easy because the tool must evolve to support a changing business. Fabrics platformed and negotiated in one season do not always carry over to the next. Product types and mixes change, forcing a different development focus. New channels and markets emerge, changing the points of scale and aggregation. Processes and organizations shift to support the above, and without parallel movement in PLM, adherence wanes and Excel sheets start to make their comeback in the PD process.

PLM is being tragically underleveraged in fashion, especially at those companies that were among the first wave of implementations. We at 703 Advisors know how to make incremental improvements to turn your PLM system into a strategic toolkit and in to the game changer that has been hiding right underneath the surface.

Want to learn more?

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