



DRIVING FOR SUCCESS
A PLM CASE STUDY

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ABSTRACT

SAP's Product Lifecycle Management (PLM) software is designed to help companies manage the complete lifecycle of their product portfolios. This case study tells of a SAP PLM failure turned success at a world-famous consumer packaged goods manufacturer. The major lesson learned is to align processes, stakeholders and the PLM solution to the maturity and capability level of the company and its primary business objectives.

"Less is more."

Ludwig Mies van der Rohe, Renowned Architect



Business, Technology And Organizational Capability

This is a case study of an international consumer packaged goods manufacturer with hundreds of household name products and their experience with introducing and re-introducing SAP's Product Lifecycle Management (PLM) software. The hard-won 'lessons learned' have application beyond PLM.

What Is SAP PLM?

Shorter product lifecycles, more complex product mixes, demanding regulatory environments, globalization – all make managing the product portfolio ever more difficult. Creating and delivering innovative and market differentiating products and services are what distinguish 'winners' from 'losers'.

The SAP Product Lifecycle Management (SAP PLM) application provides a 360- degree-support for all product-related processes – from the first product idea, through manufacturing to product service. SAP PLM holds the promise of assisting companies:

- ▶ Create and deliver innovative products that fulfill or create market demand
- ▶ Optimize product developing processes and systems to speed products to market while ensuring compliance to industry, quality and regulatory standards
- ▶ Become more agile than competitors and able to react and take advantage of market and competitive opportunities.

Another advantage of SAP PLM is integration with other SAP and non-SAP software that allows for:

- ▶ Two-way information flows
- ▶ Streamlining of business processes
- ▶ "One version of the truth" on product data
- ▶ Linkage between products, safety/environmental evaluations, labels, and regulatory requirements.

A Short PLM Company History

In 2001 SAP originally proposes PLM to our client company. The company decides in 2002 to replace its global Research, Development & Engineering system (originally built in 1984) with SAP PLM. The Board of Directors approves funding for PLM in 2004. A systems integrator is selected and the project commences in 2005 with the following benefit targets:

- ▶ Deliver millions of dollars in annual savings



- ▶ Make better project selection decisions by enhancing portfolio management and stage gate processes
- ▶ Reduce time to market
- ▶ Reduce product recalls
- ▶ Deliver business process efficiencies.

The PLM project's guiding principal is to design and implement an integrated "global" solution with global process standardization without software customization. A major undertaking given the enormous breath of PLM functions and responsibilities from marketing (which initiates projects) to project/portfolio management to product formulation, development & compliance to product supply (manufacturing).

In 2006, the project is 'restaged' with additional funding and people. Later that year, with a project team of approximately 60, the 1st wave solution is launched in one product division. In 2007, portfolio management is added and a 2nd wave is rolled-out across all product divisions. One month after launch the project team rolls off and a 10 person PLM support team is established. Later in 2007, additional funding and 10 more support people are added to stabilize the system, simplify templates, add reports, correct defects, install upgrades and service packs, do custom programming and hold retraining sessions.

Time To Rethink PLM

By 2008, while starting to deliver some glimmers of the original promises, PLM is starting to be more 'drag' than 'lift', actually slowing the product lifecycle process, as support costs climb and complications multiple. The company starts to rethink its PLM intent. In March 2008, the company hires a new integrator to lead a PLM Reconstruction Project. The Reconstruction goals are to:

- ▶ Scale back, simplify and shorten tasks and checklists
- ▶ Define processes and ensure business ownership thereby enabling data accuracy and visibility
- ▶ Reduce time spent in PLM on lower value activities so more time can be spent on higher value areas of the business.

Lead With Business Process, NOT Tool!

The root cause of the initial PLM project's limitations was insufficient focus on business processes. The original project was tool and technology driven. Processes were changed to enable use of the PLM tool. The inflexibility and complexity of the tool eventually rendered the business process and data collection dysfunctional and inefficient.



Too often IT projects get overtaken by a fascination with tools and features in a belief that more functionality means more value. Technology must be designed to serve the business, business priorities and the people responsible for end-to-end processes.

Complexity Of The Tool Became The Impetus For Change

To achieve its PLM Reconstruction objectives, it became apparent that simplification of the tool required integration with an improved business process. An improved business process model was developed through collaboration between PLM and various functional areas of the business. Simplicity and flexibility were driving principles in the process design. The new processes and procedures were better aligned with dynamic business needs and had business support and championship. The simplified processes and procedures were documented in Standard Operating Procedures (SOPs), process diagrams, and other related tools.

Design The Solution To Match Organizational Maturity And Capability Level

A critical 'takeaway' of this case study is the importance of matching the technology side of a solution to the organization's maturity and capability level. As illustration, Gartner's Project and Portfolio Management (PPM) maturity model cites five dimensions (people, PPM processes, technology, financial management and relationships) across six progressive levels. If the technology design is out of balance with the organization's process discipline, level of transparency, decision making, organizational capabilities, etc., the solution will be a poor fit as was the original PLM implementation

Business Ownership Now And In The Future: A Journey Of Commitment

The company is now clear and fully committed to business ownership of PLM. The Reconstruction Project focused on stabilizing five foundation processes (Project Management, Formulation & Recipe Management, Packaging Specifications & Bill of Materials, GSARA Compliance and Master Data) and building additional capabilities later. A post-implementation PLM governance structure is being established to guide future developments. Change champions and sponsors in key areas of the sub-processes are being named.

