

PLM Governance & Organizational Alignment Prior to, during and after a PLM program



The problems of PLM initiatives

The main problem of product lifecycle management initiatives is the complexity of connected business problems on the one side, and its technically detailed solutions which are most likely not understood on the other side. Business problems are for instance missing single functional ownership of the end-to-end PLM process, insufficient controlled artwork data, and simple lack of internal process knowledge, standardisation and control. IT wise, it seems to be a mess by function – current IT landscapes are disparate, complex, highly fragmented and not globally accessible.

The technical knowledge is often not sufficient to put overwhelming technical possibilities into context. Yet, software-vendors or consultant driven initiatives still try to sell big IT projects or are asked to do so within a competitive RFP process. Consequently, visions of PLM initiatives are often too ambitious, too widely scoped, too IT-driven, and not understood – and fail to cross the line.

Furthermore, PLM brings automated transparency in functional areas where so far someone had to be asked for information, a status or cooperation. So even if the concept and advantages of PLM might be understood, yet employees refuse to support it. Key motives for resistance are existing initiatives in the same space that are linked to ones career, ownership of existing processes or systems that should be given up for the greater good, and functional or individual power that might be lost to a cross-functional process – these are complex change problems.

How to get a PLM initiative defined and approved

There are several aspects to get a PLM initiative approved by the senior management, but the most effective one is a business case. A crucial part down this road is the engagement with all the different stakeholder along the product lifecycle process, even though there are many. During this process it will be important not just to collect a wish list, but to define requirements and potential benefits, which enable the measurement of each requirement (tangible and intangible). Processes come first – systems come last. Furthermore, the solutions to the requirements have to be prioritized, also against budget. So stakeholders have to state if and with how much money they intend to fund the PLM project.

Finally, the vision has to be sold, and the project has to be scoped in appropriate phases over time.

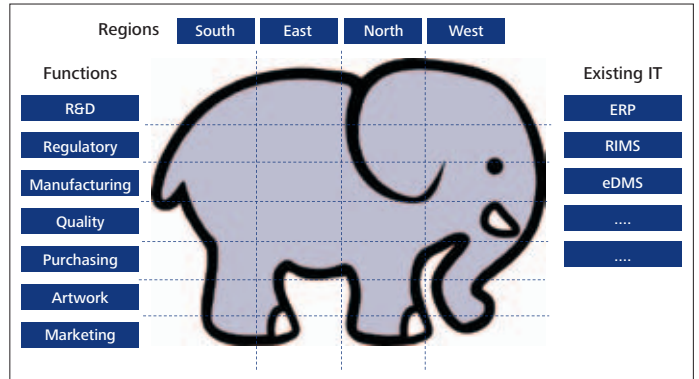
Tangible Benefits	Intangible Benefits	Key Initiative Enabler
<ul style="list-style-type: none"> • Shorter time-to-market 	<ul style="list-style-type: none"> • Quality improvement 	<ul style="list-style-type: none"> • Trade initiative
<ul style="list-style-type: none"> • Material cost optimisation 	<ul style="list-style-type: none"> • Brand protection 	<ul style="list-style-type: none"> • Consumer Care
<ul style="list-style-type: none"> • Waste reduction 	<ul style="list-style-type: none"> • Risk mitigation 	<ul style="list-style-type: none"> • Sustainability
<ul style="list-style-type: none"> • People efficiency improvement 	<ul style="list-style-type: none"> • Legal compliance 	<ul style="list-style-type: none"> • Web Services
<ul style="list-style-type: none"> • Globalize innovations 	<ul style="list-style-type: none"> • Talent pipeline 	<ul style="list-style-type: none"> • Catalogue Visualisation
	<ul style="list-style-type: none"> • Better collaboration 	<ul style="list-style-type: none"> • Product Platform Creation

Setting up a successful project organization

PLM goes across various functions / regions, interacts with different IT systems, and hence seems to be the big elephant in the room. Consequently, it will be important to break this complex situation down into smaller pieces that are easier to handle. Usually, the three determinants process, markets and products over data attributes are used for breaking down this situation and reduce the complexity.

Considering a successful project organisation the following owners have been identified and categorised into three different groups.

- First of all the business owners, which represent the data users and decision makers that are responsible for business processes / functions as well as own the business and its related master data.
- Secondly, information governance, who are the architects of the product master data process landscape, ensure consistent overall master data concept and bridge business requirements concerning master data and technical realization.



- Thirdly, platform-system management, who are the suppliers that deliver technical concepts and solutions and ensure consistent overall technical concepts including integration with a broader system landscape.

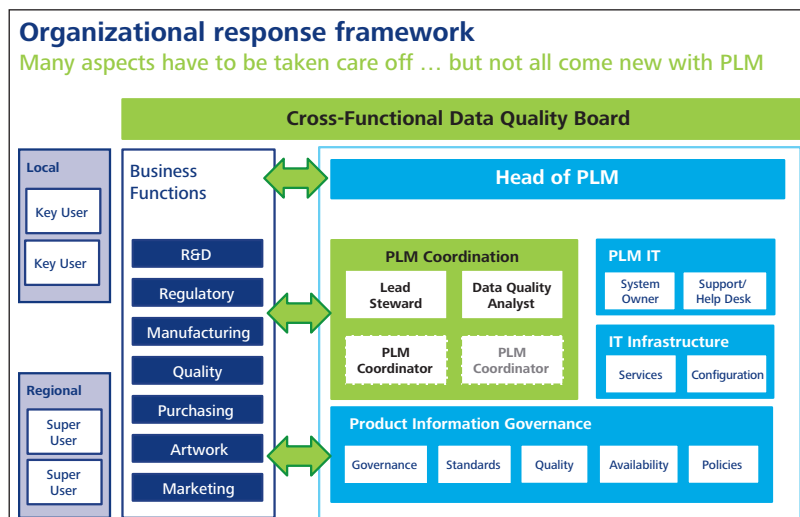
When staffing the project it helps considering the organisation with its roles and responsibilities to run the solution after go live, so that strong motivation for the future solution can replace concerns over change.

Organisation models to run PLM

Starting the PLM project without building the organisational capability might look easier, but will lead to more challenges later. The reason is that in a siloed organisation there are no cross-functional processes, data or system owners – but this ownership is essential for long-lasting PLM design and needs to be embedded into the organisation. Product lifecycle management is highly cross-functional in nature, consequently we recommend to establish a matrix organisation to run PLM as early as possible in the project.

In order to establish a matrix organisation properly, the following aspects have to be taken into consideration:

- Assign process, data and system ownership to the horizontal layer and establish clear RACIs
- Have enough solid reporting lines to ensure a different way of working, but keep the matrix organisation layer lean
- Establish a working escalation path by placing a PLM responsible next to the functional heads
- For staffing the matrix layer, encourage a personnel shift from the functional areas to avoid duplication and extra costs



“We are in the middle of a successful global PLM Program, which is designed to deliver value – time-to-market gains, increased sales, and efficiency improvements. The underpinning of {the project} from a technology perspective is the Oracle/Agile PLM suite. This project highlights a successful three-way relationship between us, Deloitte Consulting, and Oracle/Agile.”

Client’s personnel, Global Business Process Innovation

Dealing with the human factor

A PLM project will face heavy headwinds in the first 3-12 months from many established parts of the organisation – some factual based, some resistance more related to personal issues. The project organisation must be able to survive these headwinds. Such a situation requires smart change management – a change program that drives a vision, is loaded with business content and communicates across the organisation and enables a smooth transition from “project” to “run” mode.

Key Challenges	Recommendations
<ul style="list-style-type: none"> • People specifically resist organizational change • Realizing cross-functional responsibilities means taking a bit from everyone and giving it to someone else • High risk of “additional” instead of “shifting” resources – while the PLM program is also about realizing efficiencies • Trying to replicate a globally working organization to every local situation can prove to be very difficult • Sufficient scale for the matrix organization might not be there • Sufficient impact from a global supervising role might not be there 	<ul style="list-style-type: none"> • Drive this change top-down own; Only a consensus approach will likely not work • Establish the new head for the PLM organization from the beginning • Create a steering group with affected functional heads, the PLM head and their common leader • Use “additional” resources only as a way to postpone a conflict – and clean up once the PLM programme is fully implemented • Keep the organizational roles globally and locally the same, but use dotted instead of straight lines to enable a locally forceful escalation path • Consider shared service options to increase scale

Conclusion

PLM governance is a must in order to realise efficiency gains and not add additional cost due to unmanaged organisation development. Case based KPIs will support your ambition to get buy-in from your senior management, and smart change management will help delivering it successfully. Make sure that the PLM project is well structured, understood and broken down into smaller pieces. Finally, address the key project and “after go life” organisational challenges as early as possible.

How we can help

As a recognized leader in applying PLM solutions to real-world business challenges, Deloitte works with all leading software vendors in the PLM space. Today, we are at the forefront of developing practical applications of PLM for a range of industries, organizations, and business challenges. While we bring strong strategical and technical capabilities and globally proved methods and tools to every engagement, what sets us apart is our business-oriented approach, leveraging our deep industry experience and organizational understanding of the core business challenges to PLM initiatives. That means our clients are able to get more value from PLM, faster. Here are a few of the PLM-related services we offer:

- PLM business strategy
- PLM business process design leveraging industry best-practices
- PLM initiative planning, business case development
- Governance and Organization design
- Full scale global implementation and integration services
- People change management

“Life Sciences businesses have a growing need to find solutions to integrate both with internal departments and partners as the commercial environments become more challenging. There are few alternatives for integration and some of them are simply too high risk for the large Life Sciences businesses to take. PLM is a subtle way of gaining visibility, control and connectivity.”

Client's personnel, Global Business Process Innovation

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