

PLM for the Fashion, Apparel, and Footwear Industries

Enabling Speed and Responsiveness, Delivering Higher Profitability

January 2008

Executive Summary

Responding to unforgiving market deadlines, continuous market changes, and constant order revisions is critical to turning a profit in the fashion industry. The rapid pace of fashion and the complexity of the global supply chain provide formidable challenges for fashion, footwear, and apparel companies. This report provides a roadmap for companies seeking to overcome their product development challenges, compete on speed and responsiveness, and improve product profitability.

Best-in-Class Performance

Aberdeen measured five key performance criteria (the metrics that drive product profitability) to identify Best-in-Class performance in delivering apparel products. These companies enjoy significant performance advantages over their competitors, including:

- 20% more likely to hit their delivery date targets than Industry Average companies (77% more likely than Laggards)
- 28% more likely to hit their product cost targets than Industry Average companies (three-times as likely as Laggards)
- 37% more likely to hit their revenue targets than Industry Average (3.7-times as likely as Laggards)

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance share several common characteristics, including:

- The Best-in-Class are 90% more likely than Industry Average companies to support their business with centralized product data
- Best-in-Class companies are 2.4-times as likely as Industry Average companies to fully integrate their product data with their product development processes
- The Best-in-Class are 54% more likely to have PLM solutions in place than Industry Average companies

To further emphasize the value of PLM for apparel, of companies that have been using PLM for greater than one year:

- 65% have improved year-over-year revenue
- 56% have increased percent product sell-through
- 55% have improved percent of full price sales

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"Our PLM solution has dramatically improved on the time it takes to commercialize our design ideas and bring them to market."

~ Director, Apparel Design House & Manufacturer

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Implement a central view of product information, including tech packs, BOMs, color libraries, design and fit samples, lab dips, cost sheets, and line plans
- Develop collaboration capabilities to allow members of the dispersed apparel supply chain to share information more readily
- Integrate workflow and business processes with product information, putting the data into context of the business
- Automate and integrate project status and timelines, including status alerts, making the full context of the timeline and status visible to prevent disconnects and highlight schedule problems
- Expand visibility to product data, processes, vendor performance and schedules in order to pinpoint problems and keep the global supply chain working in step

Send to a Friend 

Table of Contents

Executive Summary.....	2
Best-in-Class Performance.....	2
Competitive Maturity Assessment.....	2
Required Actions.....	3
Chapter One: Benchmarking the Best-in-Class	5
Business Context	5
The Maturity Class Framework.....	6
The Best-in-Class PACE Model	7
Best-in-Class Strategies.....	8
Chapter Two: Benchmarking Requirements for Success	9
Competitive Assessment.....	9
Capabilities and Enablers.....	9
Chapter Three: Required Actions	18
Laggard Steps to Success.....	18
Industry Average Steps to Success	18
Best-in-Class Steps to Success.....	18
Appendix A: Research Methodology.....	20
Appendix B: Related Aberdeen Research.....	22

Figures

Figure 1: Percent of Products Meeting Development Targets.....	6
Figure 2: Centrally Managed in Common System	10
Figure 3: Centrally Managed Data	11
Figure 4: Integrated Product Data and Development Processes.....	14
Figure 5: Companies with PLM Implementations for Longer than One Year	15

Tables

Table 1: Top Pressures on Apparel Product Development.....	5
Table 2: Top Challenges to Apparel Product Development	6
Table 3: The Best-in-Class PACE Framework	7
Table 4: Top Strategic Actions.....	8
Table 5: Capabilities.....	9
Table 6: Technology Enablers	13
Table 7: Percent of Companies with PLM Implementations Longer Than One Year that have Improved Performance	16
Table 8: The PACE Framework Key	21
Table 9: The Competitive Framework Key	21
Table 10: The Relationship Between PACE and the Competitive Framework	21

Chapter One: Benchmarking the Best-in-Class

Business Context

The rapid pace of fashion and diversity of the supply chain provide a formidable challenge for fashion apparel and footwear companies. Fashion products are complex in their own way, as multiple variations in size, color, and style require constant attention and tracking through completion. Speed and agility to keep pace with market trends and consumer preferences are crucial to turning a profit.

The top pressures reported by apparel and footwear manufacturers relate to speed and responsiveness (Table I). Many companies are competing via "fast fashion," increasing the already challenging seasonal product shifts with fashion lifecycles lasting as short as several weeks. Correspondingly, the top two pressures indicated by survey respondents were reported with nearly equal frequency: the need to respond quickly to changing consumer demands (44%) and the need to keep pace with shorter competitor product lifecycles (41%). To add to the challenge, companies must manage the complexity of globalized supply chains and product development processes while simultaneously maintaining low costs.

Fast Facts

- √ 44% of all respondents cited the need to respond rapidly to changing consumer demands as a top pressure
- √ Best-in-Class are 89% more likely than all respondents to have electronically integrated communications between design and sourcing, and 30% more likely between design and supply

Table I: Top Pressures on Apparel Product Development

Top Pressures	All Respondents
Respond rapidly to changing consumer demands	44%
Keep pace with shorter competitor product lifecycles	41%
Manage global product development process	39%
Maintain low costs (direct and landed)	24%

Source: Aberdeen Group, January 2008

These pressures contribute directly to the top challenges to product development reported by fashion, footwear, and apparel companies (Table 2). Rapidly changing consumer demands create an environment where quick responses are required to avoid either deep discounting or products left unsold. Retailers revise orders constantly to balance supply with demand, which requires agility in both product development and across the supply chain. While a customer may wait in anticipation for a store brand's most trendy seasonal clothing item, they are likely to purchase a competitor's offering instead, or just keep their money if the right fashion item isn't available.

Another challenge reported by participants is working with information that is kept in multiple, disparate systems. This can present a challenge in any industry, leading to inefficiency and errors from people not having the right data or working on the wrong information. However, due to the rapid pace of fashion, this becomes an even bigger challenge in the fashion, apparel, and

footwear industries as inaccurate or outdated information could prevent a seasonal line from being shipped on time and reducing the percent of full-price sell through.

Table 2: Top Challenges to Apparel Product Development

Top Challenges	All respondents
Rapid changes in fashion / demand	45%
Globally dispersed supply chains	44%
Constant order revisions	32%
Information in multiple, disconnected data or systems	31%
Unforgiving market deadlines	30%

Source: Aberdeen Group, January 2008

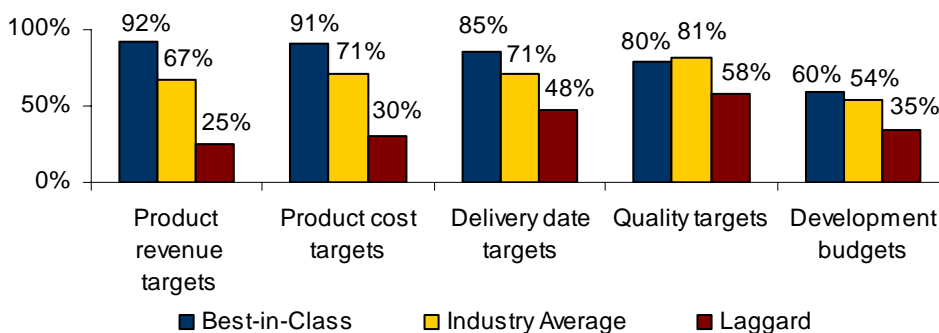
The Maturity Class Framework

To gain a clear understanding of how companies successfully manage product development in fashion, apparel, and footwear, Aberdeen used five key metrics to identify the companies that operate at the highest levels of performance. These metrics drive product profitability and include:

- Percent of products meeting revenue targets
- Percent of products meeting cost targets
- Percent of products meeting delivery dates
- Percent of products meeting quality targets
- Percent of products meeting development budgets

Based on their performance in these metrics, respondents were placed in one of three categories: the Best-in-Class (the top 20% of performers), Laggards (the bottom 30%) and the Industry Average (the remaining 50%). Figure 1 displays the aggregated performance of these enterprises.

Figure 1: Percent of Products Meeting Development Targets



Source: Aberdeen Group, January 2008

The Competitive Framework Key

The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of practices and performance:

Best-in-Class (20%) — practices that are the best currently being employed and significantly superior to the industry norm

Industry Average (50%) — practices that represent the average or norm

Laggards (30%) — practices that are significantly behind the average of the industry

There is a tremendous performance gap between the Best-in-Class and the rest of the field in the metrics that drive product profitability. Given that speed is such a critical element of success in the apparel industry, the fact that Best-in-Class companies are 20% more likely to hit their delivery dates than Industry Average companies (77% more likely than Laggards) is significant. Likewise, with cost pressures, Best-in-Class enjoy a significant advantage by hitting their product cost targets 28% more frequently than Industry Average, and over three-times more than Laggards. This results in a 37% advantage in hitting revenue targets as compared to Industry Average companies, and over 3.5-times better performance than Laggards. How are the Best-in-Class companies able to perform at such higher levels of performance?

The Best-in-Class PACE Model

In addition to performance, Aberdeen analyzed the actions companies have taken to address them, and the business capabilities and technical enablers they have adopted to improve their business (Table 3). This PACE table provides a partial list of the pressures fashion, apparel, and footwear companies are facing, and the resulting actions, capabilities, and enablers that they are employing to design and deliver products rapidly and respond to consumer demands.

Table 3: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Respond rapidly to changing consumer demands ▪ Keep pace with shorter competitor product lifecycles ▪ Manage global product development process ▪ Maintain low costs (direct and landed) 	<ul style="list-style-type: none"> ▪ Electronically integrate communication between design and sourcing ▪ Electronically integrate communication between design and supply chain ▪ Collaborate with suppliers / supply chain to shorten product lifecycle 	<ul style="list-style-type: none"> ▪ Collaborative design processes ▪ Centralized product data ▪ Early visibility to cost ▪ Visibility to factory capacity ▪ Visibility to demand and supply of products ▪ Visibility to project status ▪ Electronic specification / tech packs ▪ Supplier scorecarding ▪ Formal change management ▪ Electronic Request For Quotation (RFQ) process ▪ Converged design and sourcing organization 	<ul style="list-style-type: none"> ▪ Integrated Product Lifecycle Management (PLM) solution ▪ Integrated Workflow / Business Processes ▪ Collaboration tools ▪ Project status and visibility ▪ Supply Chain Solutions ▪ Supplier Management / Scorecards ▪ Request For Quotation (RFQ) Management ▪ Exception Management / Alerts ▪ Reporting, Data Warehouse, or Business Intelligence (BI) ▪ Web Access for Factories ▪ Material / Component Libraries ▪ Ideas / Needs Management ▪ Cutting / CAM applications ▪ Design Image Management ▪ Enterprise Resource Planning (ERP) ▪ Document Management

Source: Aberdeen Group, January 2008

Best-in-Class Strategies

Fashion, apparel, and footwear companies are automating and integrating their processes to address fast paced markets and globalization (Table 4). The Best-in-Class are working on integrating communication between their design and sourcing organizations, as well as with the supply chain. As seen in the PACE table above, these are not the only strategies that Best-in-Class companies are addressing. However, these are the actions that most differentiated the Best-in-Class performers from their peers.

Table 4: Top Strategic Actions

Top Strategic Actions	Best-in-Class	All Respondents
Electronically integrate communication between design and sourcing	70%	37%
Electronically integrate communication between design and supply chain	60%	46%

Source: Aberdeen Group, January 2008

Aberdeen Insights — Strategy

Fashion is fickle. Companies that compete in the fashion, apparel, and footwear industries deal with the resulting challenges of this every day. But some of these companies manage to overcome the challenges and consistently get their products to market on time and at target cost. These companies - the Best-in-Class - are rewarded with the ability to attain their revenue goals. These leading companies have taken action to improve their product development processes. Above all of the other actions analyzed in the survey, the two that rose to the top are systems-related. Namely, the Best-in-Class are more likely to execute design processes digitally and communicate electronically between their design and sourcing functions, as well as with the supply chain. Given the lightning speed at which fashion trends change, perhaps it is no surprise that these companies are turning to electronic forms of communication and the Internet to enhance their business performance.

Chapter Two: Benchmarking Requirements for Success

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard (Figure 1). In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their product development); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Fast Facts

- √ Best-in-Class companies are 54% more likely to have an integrated PLM system than Industry Average companies
- √ 65% of all respondents who have had a PLM implementation for longer than one year reported a year-over-year revenue growth

Capabilities and Enablers

Best-in-Class companies show broader adoption of the business capabilities and enabling technologies that allow them to address the challenges of short lifecycles, rapid changes in customer demand, and a globally dispersed supply chain. Aberdeen's analysis (Tables 5-6, Figures 2-5) identified four themes underlying those capabilities and enablers they have in place:

- Centralized data
- Collaborative design
- Visibility across all team members in the supply chain
- Integration of product data with business processes, development calendars and project timelines

Table 5: Capabilities

	Best-in-Class	Industry Average	Laggards
Capabilities	Collaborative design processes		
	90%	47%	18%
	Centralized data		
	80%	42%	55%
	Early visibility to cost		
	67%	47%	45%
	Visibility to factory capacity		
	50%	37%	27%
Visibility to demand and supply of products			
44%	33%	27%	

"The scorecard gives a clear picture of a supplier's performance using the same objective measures for the entire supplier base. Previously the measures were subjective and so not all suppliers were measured equally or fairly. Also, using scorecards has enhanced our relationship with suppliers, in that they can see what they are measured by and where they need to improve."

~ Manager, Apparel brand owner & design house

	Best-in-Class	Industry Average	Laggards
Capabilities (cont.)	Visibility to project status		
	75%	37%	18%
	Electronic specifications / tech packs		
	90%	56%	45%
	Supplier scorecarding		
	67%	32%	36%
	Formal change management		
	44%	37%	10%

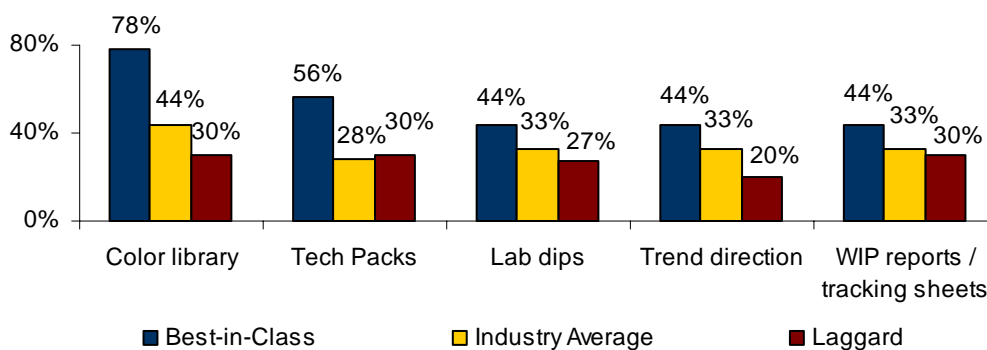
Source: Aberdeen Group, January 2008

Centralized Data

The Best-in-Class are 90% more likely than Industry Average performers to support their product development processes with centralized product data. Best-in-Class companies are centralizing a broad range of product data, including tech packs, color libraries, lab dips, trend direction, Work-in-Process (WIP) reports and tracking sheets (Figure 2). They are 79% more likely than the Industry Average to have centrally managed electronic tech packs, and 73% more likely to centrally manage color libraries.

Like other industries with dispersed supply chains and frequent product changes, leading apparel companies have recognized the need to have product data electronically captured and easily accessible. Aberdeen's [*Engineering Change Management 2.0: Better Business Decisions from Intelligent Change Management*](#) (September, 2007) benchmark report recognized centralized product data as a key enabler of Best-in-Class performance. A centralized approach helps companies make better decisions, keep the right people informed, and ensure the entire organization is working from the same up-to-date information. This aids in eliminating miscommunication, streamlining design processes, and ensuring on time delivery.

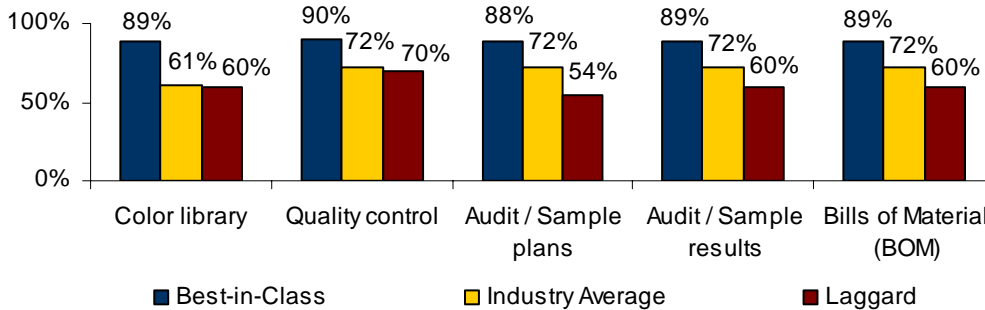
Figure 2: Centrally Managed in Common System



Source: Aberdeen Group, January 2008

The Best-in-Class are centralizing other data as well, although they may not be contained in a single common system (Figure 3).

Figure 3: Centrally Managed Data



Source: Aberdeen Group, January 2008

Case Study — Baby Togs, Inc.

"Children's wear is a very competitive market place. We do about 90% of our production based on customer orders. This allows us to minimize overstocked inventory but it also collapses the available lead time that we provide suppliers," says Paul Petrov, CFO and COO of Baby Togs Inc. "There is tremendous pressure to be quick- the whole name of the game is to shrink time-to-market."

Baby Tog's approach of demand-based production means visibility into demand and supply, and quick product turnaround are crucial. Petrov explains that back when Baby Togs used to print and manually assemble their tech packs, they had to be couriered, costing them days. "Now that we have electronic tech packs, they can be transmitted instantly."

Children's garments are complicated because they are often sold in sets with multiple components. "Even with electronic tech packs, the files get quite large and can sometimes clog up our email system," says Petrov. "A PLM solution will help us to manage and share our data without being limited by file sizes."

Collaboration

In addition to centralized data, the Best-in-Class are 91% more likely than Industry Average companies to use collaborative design processes (Table 5). Collaboration helps address time to market and the ability to change rapidly, by speeding up communications between interested parties and enabling dispersed teams to work together and in parallel. Collaborative capabilities extend the benefits of centralized data to allow information and idea sharing across corporate, geographic, and time zone boundaries. Aberdeen's *Product Lifecycle Collaboration: The Product Profitability "X Factor"?*

(June, 2006) benchmark report finds that companies are pursuing collaboration to reduce time to market and increase product innovation (including product “fit” to customer and market needs) – as part of their total strategy to achieve their corporate goals for profitable growth.

To support collaborative design, Best-in-Class companies are 2.4-times as likely as Industry Average companies to use collaboration tools (Table 6). These technologies range from shared workspaces, visualization technologies, and real-time markup to team-oriented tools like shared discussions, project folders, web meetings, and video conferencing. Collaboration tools allow dispersed teams to share information more readily, overcoming the challenges of space and time.

Visibility

One of the most notable findings is the frequency to which "visibility" is reported as a capability that the Best-in-Class use in product development. In a fast-paced environment that is potentially dealing with thousands of SKUs, just gaining an accurate view of the current situation can be a significant benefit. Best-in-Class companies are twice as likely as the Industry Average to automate project status and provide online visibility to project timelines. Sharing not just product information, but the full context of the project, helps prevent disconnects and makes scheduling problems visible.

The Best-in-Class are further 43% more likely than Industry Average companies to have early visibility to cost, and 35% more likely to have visibility to factory capacity. These companies can make better decisions based on a more timely and accurate understanding of their supply chain. In fact, the Best-in-Class are more than twice as likely as Industry Average to use supplier scorecarding to provide visibility to vendor performance. With greater insight into their businesses, the Best-in-Class can better meet their schedules, optimize their business, and respond more rapidly to customer demand.

"Supplier scorecarding has helped keep my product quality high. For example, I've noticed that many fabric suppliers send me fabrics that fade, the colors don't stay bright. I have learned through trial and error which ones to avoid, and a documented system ensures I don't order from them again."

~ Catherine Russell, Owner,
Cathie's Corner

Technology Enablers

To support the centralized data, collaboration, and visibility that help Best-in-Class companies better hit the metrics that drive product profitability, they are turning to enabling technology. Technologies already mentioned include collaboration tools and vendor scorecards. Technology clearly underlies centralized data and visibility capabilities as well (Table 6).

Table 6: Technology Enablers

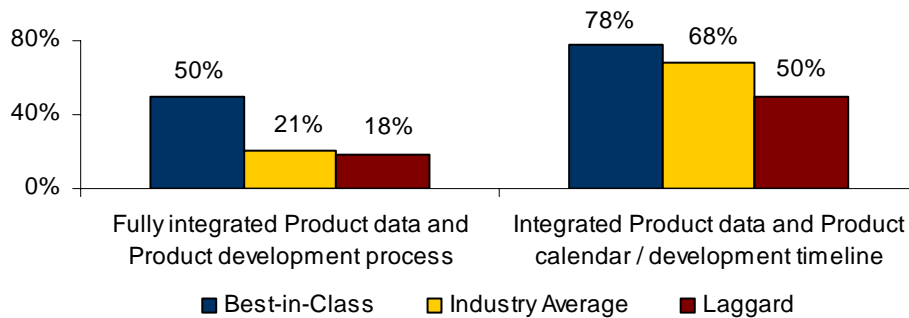
	Best-in-Class	Industry Average	Laggards
Technology Enablers	Integrated PLM		
	40%	26%	27%
	Integrated workflow / business processes		
	75%	42%	50%
	Collaboration tools		
	90%	37%	40%
	Project status and visibility		
	75%	37%	18%
	Supply Chain solutions		
	90%	47%	36%
	Supplier management / Scorecards		
	67%	32%	20%
	Request For Quotation (RFQ) management		
	44%	21%	18%
	Exception management / Alerts		
	44%	26%	27%
Reporting, Data Warehouse, or Business Intelligence (BI)			
67%	37%	20%	
Web access for factories			
89%	53%	27%	
Material / component libraries			
70%	37%	40%	

Source: Aberdeen Group, January 2008

Integration

A large number of technologies stood out as Best-in-Class differentiators. One of the most significant themes underlying these technologies is that of integration. Best-in-Class companies are extending the value of centralized information typically found in Product Data Management (PDM) systems to support a broader view of their business. In fact, PDM alone did not appear as a significant differentiator for the leading companies, but was relatively common across all companies. What stood out in the top performers is the integration of product data with business processes and integration to projects and timelines (Figure 4).

Figure 4: Integrated Product Data and Development Processes



Source: Aberdeen Group, January 2008

The Best-in-Class are 2.4-times as likely as the Industry Average to integrate product data with product development processes. To support this, Best-in-Class companies are 79% more likely than Industry Average to have integrated workflow and business processes, putting the data into context and automating processes.

As the fashion business is also very schedule-driven, Best-in-Class companies are also integrating their data to product calendars and product development timelines. To put this integration into action, they are also 69% more likely than Industry Average to have automated alerts and exception management to notify them of schedule issues.

Product Lifecycle Management

One way to bring the integration, centralization, collaboration, and visibility related capabilities that enable Best-in-Class performance together is through the use of an integrated Product Lifecycle Management (PLM) system. Not surprisingly, then, Best-in-Class companies are 54% more likely to have an integrated PLM system than Industry Average companies. PLM enables them to integrate everything from business processes and workflow, project timeline and calendaring functions, to centrally managed product data such as electronic tech packs.

Case Study — Timberland, Recreational Footwear

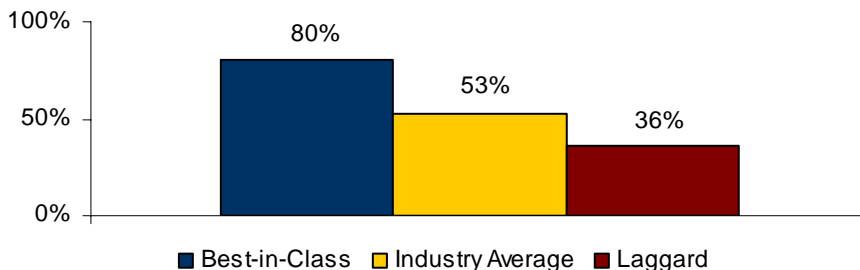
Todd Tierney, the Director to Engineering at Timberland's Recreational Footwear Company division says, "PLM has helped us manage all our activities in the development process. It tracks milestones and the configuration of the products. We are in the process of setting up the Bills of Materials in PLM, and when we do that, we will be able to have standardized materials available to our developers. Our developers will be able to easily pull existing materials off of the list rather than develop new materials every time. Currently, unless they happen to know which specific material is needed, they end up reworking specs for each product. For a leather product, that can mean months of extra work."

For now, Timberland uses PLM to manage specifications, which has meant a big improvement in reducing clerical work and in controlling data. With factories and suppliers all over the world, in the Dominican Republic, China, Vietnam, and Thailand for starters, a PLM solution is essential. "PLM means we all have access to the same information all the time, and we all know that we are accessing the most up-to-date information," says Tierney. "We develop probably 4000 different SKUs per year, so just managing that would be a nightmare any other way."

Looking forward, Timberland has plans to get more value out of their PLM solution. After they have set up BOMs in their PLM system, Tierney says they hope to implement an integrated calendaring system. "As we go through different stages of development, we want the system to trigger alerts on what needs to be done, set timelines, and give deadlines."

PLM solutions have helped manufacturers across multiple industries address the challenges of globalization, short product lifecycles, and increased product complexity for some time. Fashion, apparel, and footwear companies are now adopting PLM technologies, enabling design and sourcing processes that help meet the agility requirements of the industry (Figure 5).

Figure 5: Companies with PLM Implementations for Longer than One Year



"PLM is an integrated piece of the entire operation. This has enabled us to move faster with new designs and meet consumer demands."

~ Apparel Brand Owner

Source: Aberdeen Group, January 2008

Most importantly, PLM implementations are driving improved business performance. Companies with PLM implementations in place for more than one year are seeing improvement in key metrics that indicate the success of a consumer-oriented product. Over one half of the companies that have had time to measure the impact of their PLM implementation have lifted Year-over-Year (YOY) revenue, raised product sell-through, and improved full price sales. In addition, many have measured the ability to more rapidly react to customer preference changes and minimize the number of chargebacks due to quality issues (Table 7), and have improved these metrics simultaneously.

Table 7: Percent of Companies with PLM Implementations Longer Than One Year that have Improved Performance

Performance Metric	Companies with PLM > 1 Year
Year-over-year revenue growth	65%
Percent product sell-through	56%
Percent full price sales	55%
Time to react to customer preference changes	43%
Number of chargebacks (for quality issues)	36%

Source: Aberdeen Group, January 2008

Aberdeen Insights — Technology

Best-in-Class companies in the apparel and footwear industry are enhancing their approach to product development. Through enhanced processes, capabilities, and technology enablers, they are recognizing significant advantages over their competition in regards to hitting the product development metrics that drive product profitability. The research identifies four themes among the capabilities and enablers of the Best-in-Class:

- Centralizing data
- Adopting collaborative design
- Providing greater visibility across all team members in the supply chain.
- Integrating their product data with business processes and calendars

continued

Aberdeen Insights — Technology

These capabilities allow companies to address the speed and supply chain complexity issues that characterize the fashion, footwear, and apparel market today. These capabilities can be enabled by an integrated PLM system, which accounts for the high level of interest and activity in PLM for apparel today. The respondents to this benchmark both confirm this high level of interest as well as the value of PLM, because those with PLM in place are experiencing greater levels of performance in all of the metrics measured.

PLM has helped enable some important top- and bottom-line benefits in the apparel industry, confirming data from Aberdeen's [*Product Innovation Agenda 2010: Profiting from Innovation Today and Tomorrow*](#) (December, 2007) benchmark report that identifies 10% median improvements in revenue, in addition to reductions in product cost and product development costs. While the practices and solutions adopted by other industries may not be a perfect match for apparel companies, the core themes and values of PLM are providing value in apparel-specific solutions being brought to market today.

Chapter Three: Required Actions

Whether a company is trying to move its performance from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- Implement a central view of product information, including tech packs, BOMs, color libraries, design and fit samples, lab dips, cost sheets, and line plans. Best-in-Class companies are much more likely to possess centralized product data.
- Develop collaboration capabilities to allow members of the dispersed apparel supply chain to share information more readily, overcoming challenges of space and time. The Best-in-Class are much more likely than Laggards to employ collaborative design processes and collaboration tools, providing an opportunity for Laggard companies to improve.

Industry Average Steps to Success

- Ensure that PDM is in place, and includes a central view of product information, including tech packs, BOMs, color libraries, design and fit samples, lab dips, cost sheets, and line plans. Go beyond PDM by integrating workflow and business processes with product information, putting the data into context of the business. The Best-in-Class are much more likely than Industry Average companies to integrate product development processes with centralized data.
- In addition to integrated processes to data, automate and integrate project status and timelines, including status alerts. Again, extend beyond PDM to make the full context of the timeline and status visible to prevent disconnects and highlight schedule problems.

Best-in-Class Steps to Success

Extend PLM to incorporate more product-related processes. As Aberdeen's [*Product Innovation Agenda 2010: Profiting from Innovation Today and Tomorrow*](#) (December, 2007) benchmark report uncovered, the advantage of using PLM processes and solutions will evolve over time. In the same way that PDM is no longer enough to differentiate fashion, footwear, and apparel companies today because Industry Average and Laggard companies have now closed the gap, PLM will move from a competitive advantage to accepted best practice. As with industries with more mature PLM implementations, Best-in-Class companies should look for additional opportunities to extend their advantage to other aspects of their business.

Fast Facts

- √ The Best-in-Class are 90% more likely than Average companies to support their business with centralized product data
- √ Best-in-Class companies are 2.4 times as likely to fully integrate their product data with their product development processes
- √ The Best-in-Class are 54% more likely to have PLM solutions in place than Industry Average companies

Aberdeen Insights — Summary

PLM for fashion, footwear, and apparel is providing top- and bottom-line value today. Companies that have adopted PLM are hitting the metrics that drive profitability, and those that have had PLM in place for more than a year are recognizing the benefits. Like other industries before it, the apparel industries are adopting technology to enable them to compete through faster response to customer demands and manage the complexity of global business. Given the combination of the fleeting nature of fashion trends and passing of quotas, the apparel industry today is as fast-paced and global as any other industry. Despite the apparent simplicity of the products compared to an automobile or a personal computer, the combinations of color, style, size, and other fashion complexities provide their own kind of complications. Given these conditions, PLM providing significant value today and poised to continue to drive Best-in-Class performance into the future.

Send to a Friend 

Appendix A: Research Methodology

Between December 2007 and January 2008, Aberdeen examined the use, the experiences, and the intentions of more than 100 enterprises using PLM and other technology solutions in the Fashion, Apparel, and Footwear enterprises.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on PLM strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: Executive level (28%); Vice President (8%); Manager or Director (47%); and Other (17%).
- *Industry:* The research sample included respondents from the following industries: Apparel (58%), Retail (37%), Consumer Packaged Goods (18%), Wholesale (9%), Consumer Durable Goods (8%), and Distribution (7%). Note that companies could pick all industries that apply to their business, so that the total is greater than 100%.
- *Supply Chain Role:* The research sample included respondents from the following roles: Retailer (48%), Manufacturer / Factory (43%), Brand Owner (38%), Design House (30%), Importer / Agent (28%), and Material / Component Supplier (7%). Note that companies could pick all roles that apply to their business, so that the total is greater than 100%.
- *Geography:* The majority of respondents (70%) were from North America. Remaining respondents were from the Asia-Pacific region (13%), Europe (11%), Middle East / Africa (4%), and the South/Central Americas (2%).
- *Company size:* Thirty-three percent (33%) of respondents were from small businesses (annual revenues of \$50 million or less); 33% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 34% of respondents were from large enterprises (annual revenues above US \$1 billion).
- *Headcount:* Twenty-five percent (25%) of respondents were from small business (headcount between 1 and 100 employees); 27% were from midsize enterprises (headcount between 101 and 1000 employees); and 48% of respondents were from large enterprises (headcount greater than 1,000 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding apparel and footwear executives completed an online survey that included questions designed to determine the following:

- √ What processes are being taken to develop product agility?
- √ Can product lifecycle management (PLM) help increase sell-through and reduce markdowns?
- √ What technologies are being used to achieve product design and development goals?
- √ What benefits are being seen from product agility and PLM implementation?

The study aimed to identify emerging best practices for PLM usage in the fashion, apparel, and footwear industry, and to provide a framework by which readers could assess their own management capabilities.

Table 8: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, January 2008

Table 9: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, January 2008

Table 10: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, January 2008

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- [Engineering Change Management 2.0: Better Business Decisions from Intelligent Change Management](#) (September, 2007)
- [Product Lifecycle Collaboration Benchmark Report: The Product Profitability "X Factor"?](#) (August 2006)
- [Product Innovation Agenda 2010: Profiting from Innovation Today and Tomorrow](#) (December 2007)
- [Profitable Design Chains: Global Product Design Comes of Age](#) (October 2007)
- [Product Development in Consumer Industries](#) (June 2004)
- [Design for Sourcing](#) (March 2006)
- [CPG Innovation Agenda](#) (December 2005)
- [Lean Product Development](#) (May 2007)
- [The Aberdeen Report: State of the Market 2007](#)

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

Authors: Jim Brown, VP Product Innovation & Engineering Research, jim.brown@aberdeen.com; Jeanette Keene, Research Associate, Retail Industry Research, jeanette.keene@aberdeen.com; Risa Barnett, Research Associate, Product Innovation & Engineering Research, risa.barnett@aberdeen.com

Since 1988, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.2 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

As a Harte-Hanks Company, Aberdeen plays a key role of putting content in context for the global direct and targeted marketing company. Aberdeen's analytical and independent view of the "customer optimization" process of Harte-Hanks (Information – Opportunity – Insight – Engagement – Interaction) extends the client value and accentuates the strategic role Harte-Hanks brings to the market. For additional information, visit Aberdeen <http://www.aberdeen.com> or call (617) 723-7890, or to learn more about Harte-Hanks, call (800) 456-9748 or go to <http://www.harte-hanks.com>

This document is the result of primary research performed by Aberdeen Group. Aberdeen Group's methodologies provide for objective fact-based research and represent the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group, Inc. and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group, Inc. 010908a