As veterans of any enterprise software implementation know all too well, risks to program success increase dramatically if the organization isn’t aligned around key objectives, investments, and timelines.

But what does organizational alignment really entail, especially for large-scale PLM (Product Lifecycle Management) initiatives that cross multiple functional, regional, and process boundaries?

In a recent survey with business and IT leaders from 190 manufacturing firms in North America and Europe, analyst firm Tech-Clarity and PTC explored the alignment issue in depth. The survey identifies how the highest performing firms ensure program success. High performance in this case is defined as those companies with the best results in three key business areas:

- Improving time to market
- Increasing product development efficiency
- Reducing product cost

About the Research:

PTC Global Services and Tech Clarity, an analyst firm that specializes in product life cycle management, interviewed 190 senior business and IT leaders in April 2012 about their experiences with PLM. The goal of the telephone survey was to understand key success factors in planning, implementing, and adopting PLM solutions in complex manufacturing environments.

The survey highlighted four issues: PLM strategy and approach, programmatic challenges, implementation and adoption techniques, and adoption. Survey participants included representatives of a wide range of manufacturing companies across Europe and North America, including automotive, aerospace, industrial, and consumer products.
According to the research, two aspects of organizational alignment are especially significant:

- **High performers create detailed implementation roadmaps** that tie desired outcomes to specific process and software improvements (76 percent of high performers vs. 36 percent of average or low performers).
- **High performers manage their implementation with business value metrics** or scorecards rather than just program or project milestones (51 percent of high performers vs. 34 percent of average or low performers).

### Detailed Implementation Roadmaps

Few companies would embark on a major PLM initiative without a project roadmap. But what’s in that plan, and who should be involved in creating and agreeing to it? That’s the real question.

For example, a large industrial equipment company recently had to redesign its PLM program because its initial two-year roadmap failed to take into account several critical deadlines for its products to comply with new environmental regulations.

The initial planning had appeared to address a full range of budgetary, organizational, and IT requirements, but the end result was an implementation plan that would fail to meet essential business needs. The problem was that the planning and alignment process had failed to cast a wide enough organizational net and dig deep enough into business strategy requirements.

Six months after going back to the drawing board, the PLM program team produced a more detailed and appropriate plan. A four-phase program based on implementation across four business units was broken into smaller phases based on product families and tied to regulatory deadlines; the overall timeline was extended an extra six months to better address financial restraints; and the learning and adoption program was redesigned to better ensure rapid adoption within each product group.

Looking back, the program manager realized that the initial high level approvals for the program plan were based on insufficient review and agreement. “We got the approval but they didn’t understand the consequences a level or two down for certain decisions. You can’t get into too much detail with executives but we needed to do more education so the decisions were more informed. Ultimately we got to a better approach but it took a six month delay to get a better handle on resources and requirements.”
Business Metrics and Scorecards

PLM programs generally involve large IT implementations, among other things, and there is often a tendency to measure the outcome with IT project-type scorecards. Did we migrate all the data from the old system? Is the new software integrated with other systems? Have we trained all the users? And so on.

These metrics are certainly important, but they are only means to a business end. High performing companies are much more likely to use business metrics and scorecards to evaluate progress and outcomes for their PLM initiatives (which, of course, requires that business objectives are clearly defined up front!).

For example, if accelerating time to market with new products is one of the rationales for investing in PLM, then improvement in time to market needs to be measured and used to assess program success, with interim milestones defined and delivered along the way. Similarly with other business goals, such as reducing product cost, improving product quality, or increasing regulatory compliance.

Building organizational alignment around the details of a big enterprise initiative is one of those time-consuming, “soft” projects that most of us sense is important but the ultimate dedication of time and energy often gets cut in favor of seemingly more tangible investments. As the research suggests, however, it may be one of the most important determinants of ultimate program success.

About PTC Global Services

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