

Product Lifecycle Management

Steps for success.



Product Lifecycle Management (PLM) is a framework for managing the entire lifecycle of a product or service. It is a critical tool that helps businesses accelerate time-to-market, manage complexity, and generally improve competitiveness.

At Step5, we often work with our clients to help establish and refine their PLM frameworks and operating models, helping them achieve their business goals.



Recent research from McKinsey & Company highlights the importance of PLM: “Having a mature product and platform operating model is strongly correlated with business performance outcomes [...]. Of the various aspects of a product and platform operating model, “ways of working” (product management practices) has the greatest impact on business performance.”

Chawla, A., Harrysson, M., Mayer, H. and Sinha, M., 19 December 2023, “The bottom-line benefit of the product operating model”.

A typical Product Lifecycle Management framework incorporates the following elements:



In our experience, each phase of the lifecycle should be managed in a consistent way, incorporating people, business process, systems and information elements, for example:



Workflow process and clearly defined governance, to manage products through the pipeline.



Definition of standards for each phase, to improve the timeliness and quality of decision-making. For example, define your decision-making criteria, and create a template for evaluating new product ideas, including: an assessment of the market and customer need; the fit with the organisation's capability and capacity; a business case, where the quantitative elements increase in specificity and confidence through the development phase.



Creation of a product and / or service architecture, to make it easier to communicate and sell to customers, easier to identify who is responsible for managing each product and / or service, and reduce operational complexity.

Developing and maintaining efficient and effective Product Lifecycle Management practices brings significant business benefits:



The cost versus benefit case for implementing PLM varies according to industry sector, the size of the organisation and scope of implementation, as well as the maturity level of existing processes. It is common though to find case studies with a positive payback period of 1-2 years post implementation, through say a 15%-30% revenue increase achieved over a few years.



However, implementing ideal Product Lifecycle Management activities is not easy, and organisations typically face several challenges, partly because existing practices are likely to have evolved and become embedded over several years:

- Complexity of changing (or replacing) existing **systems and processes**
- Issues with **data accuracy and consistency**
- **Cultural resistance**: some employees may be comfortable with the way things are
- Difficulties to change **established ways of working with partners or suppliers**
- **Investment required** (in both time and money) to make the necessary changes



To overcome these challenges, a systematic approach is required. Key stakeholders should be engaged through the design and implementation phases of the new Product Lifecycle Management approach. Phasing helps to ease the transition and allows the organisation to address any issues in a smaller-scale pilot before expanding it more widely. PLM implementation should also be seen as an ongoing process: regularly reviewing and updating the approach based on feedback and changing internal and external requirements creates and reinforces a culture of continuous improvement.

In conclusion, Product Lifecycle Management is important for businesses that are looking to innovate and stay competitive. While challenges exist, they can be effectively managed through strategic planning and the systematic adoption of best practices. This typically results in a combination of improved revenue, cost savings and enhanced product quality, and it also contributes to a culture of continuous innovation.

Looking for support?

Assessing the current maturity of your organisation's Product Lifecycle Management (PLM) – and then designing and implementing any improvements – can be a daunting task.

Step5 has worked with multiple organisations to address such challenges. Our experts are happy to share their experience and support you on your journey.

For more details, contact our team...



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