

PLM at Nike: A Focus on Process



Apparel sales account for approximately \$4.2 billion of Nike's \$15 billion in annual revenue. The company reports that it is leveraging PLM to improve its gross margins in apparel and, more recently, its equipment division.

In the apparel marketplace, Nike is a pioneer in product lifecycle management (PLM). The company traces much of its PLM success to a major focus on process reengineering.

If you ask Nike's Scott Marien about the key to rolling out PLM, he's likely to stress three things: Process, process and process.

The 14-year Nike veteran and the firm's director of apparel and equipment product creation IT, Marien shared his take on PLM in a recent *Apparel* webinar, "User Perspectives on PLM" (visit www.apparelmag.com to access a recording of the event).

Nike's focus on PLM traces back to 1994, when it started to build a custom application to better manage the processes around product design, development and sourcing.

By 1999, the Beaverton, OR-based company realized that it needed a more robust solution to handle its growing business. After searching the market for software, it chose PTC as its PLM solution partner.

But as it got into the implementation, Nike realized it needed to go to the drawing board and undertake an intense review of its processes. The company ultimately devoted a full year to business process reengineering, determining the optimum ways to bring its products to market.

"That was a key turning point in the project, and, I believe, critical to its success," says Marien.

Goals of the project

When Nike embarked on its PLM initiative and solution search, it had two overarching goals in mind: Improving gross margins and lowering the cost of ownership for the system required to manage PLM processes.

To attain these goals, Nike wanted to achieve better integration between product development and other business activities within the organization, and attain greater reporting capabilities.

Another major objective was to work better with vendors: Leverage buying power and improve relationships with strategic vendors.

Nike also recognized that if it could implement a flexible and scalable PLM solution, it would benefit the business from

a “people” perspective, Marien said. By having a single PLM platform, for example, the firm could offer more integrated IT training and help to smooth its inevitable business transitions and organizational evolution.

But the greatest key to hitting its business goals — by far — pertained to process, said Marien.

Nike knew that the biggest potential to enhance its business performance via PLM would come from being quick to market. That is why the company focused so much attention on reconfiguring its processes. The rewards of becoming a lean enterprise and excelling in supply chain innovation loomed on the horizon.

Myths vs. truths

As it worked through its multi-year PLM implementation, Nike went through its fair share of “myth busting” and discovered some important truths, Marien said.



Nike is focused on supporting more PLM processes “through a tool we can change and that gives us the flexibility when we need it,” says Scott Marien, director of apparel and equipment product creation IT.

In addition to its early realization that PLM was not “a systems project” but rather “about the process,” Nike also learned that there is no silver bullet solution that will make PLM easy to implement and learn, Marien said.

As a \$15 billion business working with a huge array of styles and materials, many global vendors and a myriad of target markets, the PLM process is always going to be very complex, he said. “A tool by itself doesn’t make the process easier or simpler,” he noted.



Nike also found that the promise of a great IT solution would not necessarily make prospective users feel any better about change, unless their level of “pain” with their current processes was particularly severe, he said.

Does Nike have the magic answer to these tough realities? No. But Marien said the company benefited by acknowledging

that it takes a lot of time for people to accept process changes and new systems and for them to be fully trained on both. As a company that was founded on and values innovation, Nike’s drive to help people understand the needed process shift fit well with its culture of finding ways to do things better.

The company also realized that it’s more important to focus on teaching new processes and the reasons behind them than to pummel people with training on new tools. “Processes need to be taught and re-taught,” he said.

With its sales and overall business scope on a rapid rise in the late '90s, Nike realized it needed a more robust PLM solution to replace its homegrown application.

Keys to success

In 2001, Nike completed its first apparel implementation of PLM, and in the years since then the apparel division has expanded its use of PTC’s PLM solution into materials management, supplier management, collaboration and reporting. It also uses the software’s integration framework to tie its product development and sourcing activities to downstream business systems.

As it continues to flesh out new functionalities in its rollout across the apparel division, Nike also has embarked this year on a PLM installation within its equipment division.

Looking back on its PLM implementation to date, Marien pointed to several factors that have played heavily in Nike’s successes so far, including:

- senior-executive support and “buy-in”;
- constant involvement of people from Nike’s business side and other key users from throughout the organization;
- a focus on key target areas where PLM can reap the most value; and
- major attention to IT costs and risks associated with data integration and migration.

One of the greatest achievements anticipated from the PLM project is “freeing people to make great products,” said Marien, noting that the last thing Nike wants to do is tie down its associates with non-value-added data entry responsibilities.

Going forward, he said Nike is focused on supporting more PLM processes “through a tool we can change and that gives us the flexibility when we need it.” ■

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