

Cabela's Hunts for Profits with FlexPLM

Cabela's, which began 52 years ago as a mom-and-pop mail order business in Nebraska, is a household name today among hunters, fishers and campers. The largest direct marketer of clothing and gear for outdoor enthusiasts, the company sells private-label merchandise, as well as national brands such as The North Face, Columbia, and Under Armour via catalog, mail, telephone, e-commerce and its retail stores. Some of its stores, which feature wildlife displays and aquariums, have become tourist attractions in their own right.

As Cabela's private-label offerings grew more diverse and complex, the company adopted a product data management (PDM) system to help control the tech-pack development process. Seven years later, however, it had outgrown that system and went looking for a system that would serve its needs for the next decade.

Gabriel Garcia, product lifecycle manager for Cabela's, explains that, the second time around, the company sought a solution that would serve not only product development but also merchandising, design, technical design, sourcing, material management, color management, import compliance, and customer relations — all the functions associated with product. "We wanted to grow into a full PLM suite that could help us manage the whole product lifecycle from concept to customer," he says.

For several years, Cabela's explored its options, gathering information about PLM solutions and formulating a vision of its ideal PLM system. Nearly every department contributed specific requirements, which were

Everyone's input, earlier in the cycle, is streamlining product developing and cutting waste out of the process.

compiled into a spreadsheet. The process of defining user requirements by itself yielded many benefits, including clearer articulation of roles and responsibilities — many users did not realize their tasks overlapped with others', Garcia says.

Seeking an out-of-the-box solution

In 2011, the company hired a consultant to distill these requirements into a request for information. When the RFI responses came back, Cabela's invited the vendors to demonstrate their solutions and answer questions about specific use cases — for example, how would they associate multiple colors to a material, or copy information from one bill of materials to another one?

Several vendors offered to customize their software to sup-



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port Cabela’s requirements, but as Garcia says, “Customization in Cabela’s is a four-letter word. We’ve tried it before. ... Now we buy out-of-the-box solutions that are plug-and-play.” Garcia says modifying business processes where necessary is far easier than modifying software.

This approach rapidly reduced the number of qualified vendors to two. After a long discussion about the vendors’ implementation timelines, pricing, support and development roadmaps, the selection committee chose PTC Windchill FlexPLM software. “We spent a lot of effort in that process,” Garcia says, “but that’s the best place to put that effort. You will be living with your source selection decision for at least the next 10 years.”

FlexPLM did, in fact, meet every one of Cabela’s “must have” product development requirements out of the box, which made implementation very fast and easy. Implementation for apparel goods began in January 2012, and the system went live in May — in 20 weeks with zero customizations, which PTC said was a record time. “It helped us gain value very quickly,” Garcia says.

Reductions in cost, improved margins, faster cycle time

One quick win was designers’ ability to initiate inspiration boards within the system. “Young designers get inspiration from everything,” Garcia explains. “They’re pinning things to Pinterest, and as soon as they capture something on their iPhones, they email it to themselves at work and capture it in FlexPLM. Then they can go into more detailed design. They used to literally carry around physical boards with magazine tearouts and sketches stapled to them. Now they can connect from home or work and show their team members what inspired them.”

Downstream, Cabela’s has brought its

sourcing team into the PLM world. Previously, the sourcing department worked with Excel files and “no one had the same version of the truth,” Garcia says. Now, the true cost for each style is on record and can easily be compared across multiple vendors. With this new visibility into the early stages of design, the sourcing group is getting involved earlier in the process. While a product is still being developed, sourcing specialists can begin talking with manufacturers about upcoming silhouettes, order volumes, material pricing, and target costs; this is leading to reductions in raw material costs and overall improved margins.

The workflow and calendar management features of FlexPLM help product developers and sourcers stay on task and enable managers to quickly identify any projects that are falling behind the development schedule. This has reduced product cycle time from ideation to commercialization and allows Cabela’s to focus on the most important projects each season, according to Garcia.

PLM: It’s not just for designers anymore

Even the customer relations team is using the system. For example, if a customer asks for specific measurements of a shirt he bought last season, the CSR has access to the PLM application and can provide these measurement details. And if the customer mentions that he likes the softness of the shirt, the CSR can quickly suggest other styles that use the same material through the “Where Used” functionality in FlexPLM. “Most people think product development ends when you develop and source the product — but we take it further, to customer satisfaction and loyalty,” Garcia says. “Now we’re thinking about extending this powerhouse of data even further, passing the data to ERP and Master Data Management.”

Now that so many groups other than product development are able to take advantage of PLM, the 20 core users of the original PDM system quickly expanded to 125 users of the FlexPLM application.

Because the PDM system was used strictly for apparel, PLM was implemented for apparel first. The quick success of this implementation inspired Garcia to move ahead to footwear. In only four months, he progressed from requirements gathering to implementation, and went live with the system in December 2012. “I didn’t find any requirements for footwear that we couldn’t meet with FlexPLM,” he comments. Though footwear products used objects that were not required for apparel — last size information, for example — all of them were supported by PTC out of the box.

Hard goods will be a bigger challenge for several reasons: There are 22 disparate categories, ranging from backpacks to meat grinders; development of engineered products is performed in collaboration with manufacturers, and Cabela’s hasn’t yet decided whether to give them access to the system; and hard goods developers have unique requirements such as 3-D CAD management, which is not supported in the version of FlexPLM that Cabela’s is currently using. “We’re going to hold off on hard goods until we’re comfortable with [apparel and footwear],” Garcia says.

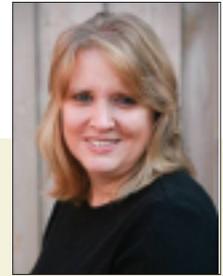
In the meantime, now that they are familiar with the new system, the apparel product developers are beginning to request enhancements, especially customized reports. For example, they want to aggregate materials across styles to better negotiate with materials suppliers. They have also begun to devise changes to their business processes, now that they see how the workflow management features can be used to streamline their work, and they are thinking about how to best use the system to involve strategic suppliers and contract designers earlier in the product development cycle.

“The users can tell you how to make their lives easier by configuring the system to their needs,” Garcia says. ■

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VENDOR VIEWPOINT

Beth Borland, Worldwide Director of RFA Strategy, PTC



Apparel: When it comes to product innovation in the apparel industry, creating shopper value is top of mind for industry executives. How does product lifecycle management (PLM) contribute to the goal of enabling apparel companies to quickly offer new products and categories that lead to added revenue growth?

BORLAND: Product development innovation is a global process for many now, and PLM is the backbone technology that enables and supports the development of new innovative products into the marketplace. PLM enables all teams to collaborate very early in the process by providing visibility across line planning, specification management, merchandizing, product development, sourcing, costing, quality and compliance with full supply chain collaboration capabilities. This enables quick decision making from concept to store.

The process environment many retail, footwear and apparel companies rely on today is highly manual and disconnected. This presents an opportunity cost because they're not applying resources to areas of the assortment plan that could bring more revenue. It also creates a tremendous embedded cost in operations due to their reliance on manual processes for product development and supply chain integration.

The top drivers for PLM solutions are to help deliver on-trend products, reduce development cycles, and to lower product cost. By creating a collaborative supply chain that is not seen as an outsider but as a part of the product innovation team, PLM ensures that trend-right products get to market faster, without sacrificing margin or quality. Additionally, through greater collaboration and visibility across all roles, you can eliminate inefficiencies in the product development process and ultimately reduce cycle time. And finally, PLM identifies key cost-drivers in the product development process enabling decision-makers to easily identify savings.

Apparel: Survey results from Apparel's 6th Annual PLM Report revealed that many companies have made investments in core PLM technology and are now more carefully selecting PLM functions that will provide the right balance of cost, ROI and meaningful improvement. Where do you see apparel companies getting the most bang for the buck when it comes to expanding PLM functionality?

BORLAND: Two of the most important areas where expanding PLM functionally will result in new value are materials management and supplier integration. Knowing where you use your materials and who you purchase them from allows you to buy "bulk material" for items across your enterprise versus by brand. This can generate an enormous cost savings. Additionally,

bringing suppliers into the process earlier and enabling greater design collaboration will not only accelerate cycle time, but also lower material and production costs due to reduced prototype or sample costs.

Another example of new functionality that can result in significant improvements is compliance and risk management. PLM provides a single version of the truth for all product related information which can help mitigate risks and ensure compliance throughout the lifecycle of the product. Product recalls, civil penalties, and lost productivity are just the tip of the iceberg. The stakes are high — with risk of lost revenue, dropped products, and damage to your company's brand.

Apparel: Growing their private-label operations and selling to consumers via a greater number of channels means retailers and brands are facing even more layers that can get bogged down in inefficiencies if not monitored properly. How are advances in the use of PLM enabling apparel companies to manage the end-to-end supply chain to reach higher levels of process maturity and greater collaboration across the enterprise?

BORLAND: The increase in the percentage of retail private-label products and number of sales channels means companies need to manage product assortments to include branded products, private label products and exclusive products, as well as new supply-chain relationships. This introduces new product and supply chain complexities, and potential inefficiencies. These challenges need to be addressed with one, streamlined PLM system that has clear, real-time visibility to handle all the critical business processes and enhance supply chain collaboration. This allows companies to reduce complexity by rationalizing parts and suppliers, create more efficient processes with concurrent product and manufacturing process definition and optimize sourcing performance.

Today's apparel companies can also leverage PLM solutions to deploy out-of-the-box software that has been preconfigured with industry-proven practices to achieve higher levels of process maturity. Preconfigured PLM also offers the best pathway to faster implementation and lower total cost of ownership. It can be very difficult for companies to change how they operate but at the end of the day, the thing that executives want to see — and what really drives the success of PLM — are the improvements in process reduction. Through these process improvements some companies have collapsed cycle time by as much as 50 percent, and that's really what excites executives and positions companies for success in the market.

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