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12 steps to your own Obsolescence Management Plan (OMP)

Step 10.1
Communication and Reporting
Communication within an Organisation

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1.0 INTRODUCTION

Product Risk Management: Involves all efforts to identify and mitigate product risk including obsolescence and lifecycle management, supply chain risk management and digitization.

Although communication and reporting may not be the most exciting aspects of Product Risk Management, they are among its most critical levers for effective risk mitigation. The biggest challenge in Product Risk Management is the lack of cross-organizational awareness—that's exactly why well-defined ways of communication and reporting address the core issue by connecting key stakeholders, laying the foundation for fact-based and data-driven decision-making. But why is communication and reporting so challenging? Let's have a look and discuss the major causes:

- Retrieving high-quality data: Retrieving and quantifying product risk data such as cost of stock-outs, production stops, redesigns or the cost of opportunity along with performance data (refer to KPIs) is challenging as this data is spread across departments and cost centers.
- Cultural prerequisite: Employees often hesitate to report potential risks due to fear of blame or repercussions. Further, departments are not well interconnected, preventing collaboration on critical component updates and product portfolio alignment.
- Isolated events: Impacts resulting from obsolescence, supply chain disruptions, and compliance gaps are often treated as isolated and inevitable issues—when in reality, they span across departments and repeat in regular intervals.

2.0 COMMUNICATION

2.1 People and culture

The term "communication" derives from the Latin "communicare," translating "to share" or "make common".

- Level 1: No surprise people and culture play a major role in effective product risk communication. What mostly is misunderstood: Product Risk Management is not a process—it is a philosophy, with its success or failure deeply rooted in the company's culture: Does a business foster open communication and transparency, a healthy attitude to failure, empowering its people, or are departmental silos, camouflage, fear, and mutual recriminations predominant, restricting collaboration.
- Level 2: Consequently, conscious organizational and stakeholder change management sets the foundation for effective collaboration. Identifying the key stakeholders of all directly or indirectly affected departments—both horizontally and vertically— and including them in a task force and all decision-making processes has proven to be successful.
- Level 3: Lastly, interpersonal relationships as well determine over success and failure. Regular exchange and team-building initiatives help to keep a harmonic and productive work atmosphere and foster collaboration.

2.2 Ways of communication

Let's define the ways of communication:

- Written Communication: Primarily used for reporting and sharing information. This includes dashboards, Kanban boards, project reports, KPI visuals, emails, memos, and documentation. Written communication ensures that information is recorded, traceable, integrable, attributable, and can be referred to later.
- Spoken communication: Mainly used for personal exchanges. This includes daily stand-up/shopfloor meetings, tier meetings, board meetings, workshops, informal updates, brainstorming sessions, and one-on-one discussions. Spoken communication facilitates immediate feedback, dynamic interaction, and fosters interpersonal relationships.
- Unspoken communication: The most intriguing aspect—what is not communicated between departments and stakeholders. Factors such as workplace culture and lack of psychological safety can lead to failures in communication. Addressing a suboptimal culture is therefore crucial.

2.3 Define, improve, and standardize communication

Once cross-functional stakeholders are identified and a task force has been built, the internal communication may be defined according to:

- IT Infrastructure: Which tools and collaboration platforms might be handy?
- Written: Which dashboards, Kanban boards, project reports, KPI visuals, emails, memos, and documentation support the exchange of information?
- Spoken: What existing exchange formats can be supplemented, and which additional exchange formats can be established: Stand-up meetings, board meetings, workshops, informal updates, brainstorming sessions, and one-on-one discussions?
- Frequency: What exchange makes sense on a daily, weekly, or quarterly basis?
- Unspoken: How can unspoken and uncomfortable topics be brought to the forefront? How can employees be encouraged to openly address risks and issues?

Besides internal communication, developing strategic supplier relationships and partnerships with external stakeholders is crucial due to Product Risk Management's nature where risks are mostly imposed from the outside. To ensure supply continuity and minimize disruption risks,

- comprehensive Supplier Quality Agreements shall be in place;
- product change notifications shall be reliably retrieved;
- transparent and honest exchange about critical parts, long-term needs, and lifecycle plans shall be fostered;
- collaborations on part risk mitigations (Long-Term Supply Agreements, Substitute and Alternative Components, Last Time Buys, Licensed Manufacturing, New Design Resilience, Geopolitical, Natural, and Manufacturer) shall be established;
- multi-sourcing strategies shall be defined.

To check on effectivity and performance, communication shall be monitored and controlled in defined intervals. Proven strategies and processes shall be standardized, while improvement potentials shall be addressed.

2.4 Monitor the effectiveness of communication

In addition to product and risk related KPIs, organizations shall track the effectiveness of communication strategies using additional KPIs. Suggested metrics include:

- % of risks escalated within defined timelines
- Number of interdepartmental risk review sessions per quarter
- Rate of first-time-right decisions enabled by reporting
- Employee feedback on risk communication clarity and frequency

This helps quantify cultural and operational progress in Step 10 execution.

2.5 Communication in crisis

Crises and firefighting are—although they can be limited to a minimum by proactive strategies—part of Product Risk Management. Therefore, defining and establishing an escalation protocol and a crisis communication plan significantly contribute to fast and effective decision-making in times of need.

- Escalation Protocol: Clearly define responsibilities how critical obsolescence and supply chain risks are escalated within the organization to avoid delays.
- Crisis Communication Plan: Outline (communication) strategies for addressing high-risk obsolescence and supply chain issues that require urgent action.

2.6 Common pitfalls and possible mitigation strategies

Pitfall	Mitigation
Lack of data ownership	Clearly define data stewards across departments—Procurement, R&D, QA, Product Management, and Finance.
Top-down-only communication	Establish horizontal and vertical communication formats: cross-functional meetings, tier meetings, collaborative workshops.
Siloed reporting systems	Integrate automated, real-time dashboards accessible across teams for unified visibility.
Delayed risk escalation	Implement a tiered escalation protocol with defined triggers, responsibilities, and response timelines.
Unspoken risk concerns	Promote a no-blame culture and psychological safety to encourage open communication, even about uncomfortable issues.
Reporting without actionable outcomes	Link reporting outputs directly to mitigation planning and decision-making workflows.

3.0 REPORTING

3.1 Data transparency & ownership

Effective reporting requires defined data ownership and data transparency. As Product Risk Management spans across departments, each department is responsible for owning and maintaining their respective data. For instance,

- Procurement owns supply chain data such as LTB inventory levels, estimated LTB run-outs based on S&OP forecasting, current lead times;
- Supplier Quality Assurance owns PCN/PDN data and associated metrices;
- R&D owns redesign and new design project data and timelines;
- Product Management owns portfolio lifecycle and health data;
- Finance owns budgeting, costing, and controlling.

Automated dashboards for real-time risk and metrices tracking further contribute to transparent, in-time reporting, allowing for fast decision-making and acting.

Besides defining and maintaining ownership of data, transparent, open, and honest communication of data is key for effective Product Risk Management—only if data is transparently reported, risks can be identified and mitigated.

Lastly, all decisions made in response to product risks shall be documented in compliance with Good Documentation Practices (GDP) for traceability and future learning, following ALCOA+, data integrity and data retention best practices.

3.2 Why reporting is so important in risk management

Effective reporting—both horizontally and vertically—is essential in Product Risk Management, given the rapidly shifting and constantly changing risk exposure. Consequently, major risks and the health of the product portfolio must be continuously monitored.
The integration and access to real-time data foster a fact-based decision-making culture, as processes are built around objective evidence. This allows for proactive planning, mitigating risks before they impact.

3.3 AI and Big Data

Evolving technology around Artificial Intelligence and Big Data has been drastically reshaped today's business landscape, also significantly driving Product Risk Management. While many businesses still rely on excel sheets spread across the organization, AI and Big Data-driven solutions integrate disconnected data, building the foundation for cross-functional collaboration and informed decision-making.

These solutions leverage extensive databases, such as historical lifecycle data, to analyze current market conditions and trends, thereby predicting future End-of-Life dates with remarkable accuracy. Many achieve an impressive ~90% accuracy in forecasting the correct year and quarter. This precise prediction enables the alignment of product portfolio lifecycles with the lifecycles of their components, further, selecting healthy, low-risk components during the design phase.

Looking ahead, real-time product risk dashboards powered by AI will become the industry standard—automatically highlighting threats such as supplier instability, geopolitical risk, or lifecycle mismatches. Organizations that adopt predictive, data-integrated systems will move from reactive to anticipatory risk governance—future-proofing their portfolios through informed, agile decision-making.

3.4 Horizontal reporting

Horizontal reporting fosters exchange on the technical, cross-functional level. This is important to spread awareness about risks, impacts, and mitigations across departments. As Product Risk Management is highly cross-functional involving technical experts from different departments, exchange is required for an effective collaboration.

The following tools and proposed frequencies haven proven to be useful:

Day to day
- Shopfloor meetings
- Team meetings
- Kanban/project management dashboards

Quarterly
- Collaborative workshops on current and future challenges

3.5 Vertical reporting

Vertical reporting, on the other hand, unites senior management decision-makers. This vertical exchange is essential for making decisions, building acceptance for company-wide initiatives, and aligning Product Risk Management efforts with existing organizational goals, budgets, and strategies.

The following tools and proposed frequencies haven proven to be useful:

Day to day
- Tier meetings

Quarterly
- Board-meetings to foster decision-making by senior management
- Product portfolio alignment and planning involving senior management: Cost-benefit analysis, and budgeting for Product Risk Management to enhance financial efficiency

3.6 Why KPIs are essential in OM monitoring and reporting

- Measure Success: KPIs provide a clear way to measure the success of Product Risk Management efforts, helping to assess effectiveness and identify areas for improvement.
- Spread Awareness: Regular reporting on KPIs spreads awareness about product risks across the organization, keeping all departments informed about risks and mitigation measures.
- Fact-Based Decision-Making: KPIs enable fact-based decision-making by providing objective data, helping senior management make informed choices and allocate resources effectively.

3.6.1 KPI—Obsolescence Risk Exposure

- Measures the potential risk of obsolescence across all components or products, usually expressed as a percentage of total inventory or total asset value.

3.6.2 Cost of Obsolescence

- Tracks the total cost incurred from obsolete inventory, LTB inventory run-outs, production stops, redesign projects, and opportunity cost. This KPI helps in understanding the financial impact of obsolescence.

3.6.3 KPI—Product Health Status

- Assessing and monitoring End of Life (EOL) projections allows to proactively plan redesigns and mitigation measures.

3.6.4 KPI—Lifecycle Alignment

- Compares the lifecycle of a product with the lifecycles of its components to ensure that all parts will remain available and supportable throughout the product's intended lifespan.

3.6.5 KPI—Mitigation Success Rate

- Tracks the effectiveness of strategies implemented to mitigate obsolescence, such as redesign, substitution, or lifetime buys.

3.6.6 KPI—Supply Chain Resilience

- Assesses the stability and longevity of suppliers to secure the product portfolio by tracking supply chain disruptions.

3.6.7 KPI—Inventory Aging

- Measures the age of inventory items from the date of their last use or purchase. Older inventory is more likely to become obsolete.

3.6.8 KPI—Product Portfolio Aging

- Measures the age of the product portfolio from the date of market introduction. Older product portfolio is more likely to become obsolete.

3.6.9 KPI—Obsolescence Resolution Time

- Measures the average time it takes to resolve an obsolescence issue from identification to final resolution.

3.6.10 KPI—Obsolescence Detection Rate

- Evaluates the accuracy of EOL projections and reactive obsolescence approaches which is crucial for risk mitigation improvement.

4.0 RISK MITIGATION

4.1 Strategies

- Early Warning System: Implement a predictive analytics model (AI & Big Data) to detect obsolescence and supply chain risk trends before they impact operations. This proactive approach helps in identifying potential issues early and allows for timely interventions.
- Supplier Collaboration: Engage suppliers in joint planning to proactively address obsolescence and supply chain risks. Collaborative efforts ensure that both parties are aligned and prepared to handle potential disruptions.
- Dual-Sourcing Strategy: Ensure key components have alternate suppliers to mitigate dependency risks. Having multiple sources for critical components reduces the risk of supply chain interruptions and enhances overall resilience.

4.2 Leadership buy-in & cultural shift

- Leadership Commitment: Establish a clear commitment from senior leadership to prioritize proactive Product Risk Management. This ensures that the initiative receives the necessary support and resources.
- Training Programs: Conduct regular training sessions for teams on best practices for risk communication and management. These programs help build the necessary skills and knowledge to effectively manage product risks.
- Creating a 'No Blame' Culture: Encourage a transparent environment where teams can report product risks early without fear of consequences. This fosters open communication and the early detection of potential issues.

Ultimately, communication and reporting are backbone of successful Product Risk Management. When built on cultural openness, data ownership, and strategic foresight, they empower organizations to act—not react—in the face of risk.

Document Revision			
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