Reversing the chain
Stop buying, start selling

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“The world is changing and so is fashion”
(quote Giorgio Armani. Source: goodreads.com)

“Fashion is about going ahead, not about memory”
(quote Karl Lagerfeld. Source: goodreads.com)
Looking at today’s Fashion market

Shrinking market

Shop closures
Looking at today’s Fashion market

Changing competitive landscape
Looking at today’s Fashion market

Lower prices, profits under pressure, sale and mark-down

Cash stuck in stock
Looking at today’s Fashion market

Limited buying budgets

Banks are not willing to provide cash
Looking at today’s Fashion market

Severe cash flow fluctuations
 stil due to traditional seasonal thinking)

Capital intense business,
high working capital required
Looking at today’s Fashion market

Increase in regulatory pressure

- Environmental / RSL
- Social
- Ethical
- Physical
“To succeed in the future, individuals and companies must develop strategies that fit global realities” (Jim Pinto)

Opportunities don't happen, you create them. (Chris Grosser)

“Whenever you find yourself on the side of the majority, it is time to pause and reflect” (Mark Twain)

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.” (Charles Darwin)

“All progress takes place outside the comfort zone” (Michael John Bobak)

Your problem isn't the problem. Your reaction is the problem. (Anonymous)

“It's a new game out there. Don't complain about it – join it and enjoy it. If you are not good enough to play in this different kind of game, you'll simply be sitting on the side lines, watching others play”

“Winners have a plan, losers have an excuse” (Marc Lammers)
The Question: How?
PRICE scenario vs SMART scenario

Source: Sector Vision, Fashion. ING Economic Bureau
Focus is on developing collections and selling products that customers want!
The answer:

building collaborative value
&
a responsive supply chain

→ (Digital) Collaboration in the Fashion Supply Chain ←
Think different:

- The shop floor is leading $\rightarrow$ reversing the chain
- 100% transparency across the entire supply chain is essential (from source to shop floor)
- ICT is not a cost but an asset
- Sell through rather than sell in
- The new competition is between Supply Chains rather than between retailers and/or brands

*Process integration (via EDI) and collaboration leads to closer partnerships and significant advantages for all of the participants in the fashion supply chain!*
We’ve changed our business model dramatically:

**From traditional wholesale towards vertically integrated business models**
- Vendor Managed Inventory (VMI)
- Consignment

**Organizational transformation**
- Strategy  [differentiation / segmentation / working capital impact]
- Collections  [NOS vs seasonal / width & depth / planning / shop floor readiness]
- Processes  [product development / stock counting / return procedures]
- People  [make/buy decisions / Planning & Merchandising / Account Mngt]
- Technology  [EDI / Reporting Tools]
Critical Success Factors:

- Awareness of the need for change (supply chain collaboration / integration)
- Full involvement and support of the entire organisation (board/sales/buying/finance/logistics)
- Mutual trust and commitment in the chain (factory/wholesaler/retailer)
- Shop floor readiness collections → time to market is essential!
- The right balance between NOS items and seasonal collection items
- Commitment and position (making choices)
- Accurate, detailed and structured information exchange (EDI is key) → standardisation!
- Proactive planning & merchandising role supplier
- Cash
The Results:

- Improved performance (more accurate forecasts, better planning, higher productivity of resources, rational priorities, less mark downs)
- Improved material flow and stock rotation
- Better customer services with shorter lead times and faster deliveries
- Standardised procedures and automated replenishment
- Less duplication on effort and information
- Higher turnover and margin with lower working capital
- Increased efficiency and effectiveness (incl. less handling/time savings)

*A shop floor with products that sell / a shop floor that sells!*
Conclusion:

Collaboration requires communication

Communication requires a common language

For that reason, a standardized “EDI language” is a critical success factor in our Industry

This makes a responsive supply chain possible, where multi brand retailers sell products that customers want
Thanks for your attention