

# 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

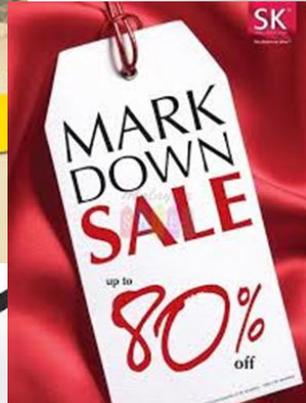


**Changing competitive landscape**



# Looking at today's Fashion market

Cash stuck in stock



Oops! We made too many!

Buy special deals and overstock items at up to 90% off!

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



# 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  
(still due to traditional seasonal thinking)



CASH FLOW IS  
  
KING



CASH  
IS  
KING  


Capital intense business,  
high working capital required



# Looking at today's Fashion market



*Social*



*Environmental /RSL*



*Ethical*



*Physical*



**Increase in regulatory pressure**





Think Different

**CHANGE**

LOVE IT

FEAR IT



**KEEP  
CALM  
AND  
THINK  
DIFFERENT**

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*“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



**P** Product Push  
**R** Reactive  
**I** Intensive  
**C** Cost Driven  
**E** Externalities

**S** Smart Technology  
**M** Market Driven  
**A** Active (interactive chain)  
**R** Responsible  
**T** Timeless (sustainable)

*"Defend Current Position"  
Perspective*

*"Innovate & Pursue New Opportunities"  
Perspective*

Source: Sector Vision, Fashion. ING Economic Bureau

# PRICE scenario vs SMART scenario

**Focused on buying**

Product Push

Externalities

**Focused on selling**

**S** Smart Technology  
**M** Market Driven  
**A** Active (interactive chain)  
**R** Responsible  
**T** Timeless (sustainable)

*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 → 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



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