



Emergence of Value Concept in Sourcing

Through the discussions during the forum and otherwise, one thing that came out clearly at this year's Prime Source Forum was about apparel sourcing. Executives believed that instead of continuing to chase the lowest costs around the globe, the focus is now shifting to collaboration between retailers and their vendors, and the creation of an integrated value chain. The discussions also revolved around how efficient supply chain can contribute in a greater way in making things easier. The trends indicate as part of supply chain the role of product development is expanding beyond tech-pack execution, compliance are now channelized in evolving higher energy efficiency and sustainability, standardisation is now becoming customisation, quality is now about quality assurance, and factory efficiency is now about lean manufacturing and lean production. Supply chain concept is getting converted into value chain, with a much more integrated relationship with the vendors.

As Bob McKee, Fashion Industry Strategy Director at Infor puts it, "We have to look at this industry from a value chain perspective, not just a supply chain perspective. We continue to break this industry down into chunks and then attempt to sub-optimize those chunks; we have to recognise we're only going to become efficient as an industry when we begin to look at the whole value chain."

The devil's in the details, he points out, adding, "Hedging philosophies and hedging strategies are critically important in any sourcing business. Global economic factors, currency evaluations and trade customs and tax requirements are keys to successful sourcing. Bear these in mind and keep them as part of the strategies you will all deploy."

Adds Stephen Forte, Managing Director of global sales at industrial thread maker Coats, "We are at the end of an era of sourcing. It can no longer be a supply transactional relationship, with the tier one and the brand and tier two doing something different and other suppliers working in different realms. We have to be around the same table where, during the planning process, everyone is discussing issues like manufacturing in different markets, supply chain, raw material supplies, in order to achieve both efficiency and speed."