

“A List of Everyday Risks in Practice”

...or why you are walking on thin ice

Excerpt from the white paper:

Progressive risk management in the apparel supply chain

- with special attention to sub-supplier structures

Brands typically take great care when choosing their Tier 1 garment manufacturers, often conducting audits and on-site visits. However, the importance of taking the same amount of care when selecting their Tier 2 suppliers tends to be overlooked - not just missing out on economies of scale, cash release and structural improvements but literally inviting in unwelcome and dangerous consequences.



Concrete examples of how failure to establish firm foundations in the first instance of the production chain leads to severe damages:

Dependency on a single key supplier - leads to vulnerability and higher product costs, making it almost impossible to switch suppliers without costly disruption, which can be especially devastating in the case of a key supplier failure.

Delivery disruptions - leads to stalled production of the garments which cannot be made without component parts such as zippers, labels, buttons, or even packaging products.

High stock of trims and accessories - leads to waste and results in the needless purchase of left-over stock held by the Tier 2 suppliers who pass on the cost to the brands

A lack of open costing - leads to “hidden” margins for garment manufacturers to the brand’s disadvantage for example with inflated wastage cost, increased management costs justified with inefficient ordering processes etc., a lack of transparency of production costs leading to higher prices for garments, and a lost opportunity in terms of the benefits of economies of scale in trims and accessories

Poor quality control - the lack of consistent quality in trims and accessories, sourced from different suppliers, leads to an unwanted range of qualities, colours or designs defined by the brand, often produced in a watered-down version of the defined requirements in terms of quality, functionality, and sustainability

Loss of reputation - an increased environmental impact represents an opportunity cost, when materials and the production fail to comply with the company's sustainability requirements - resulting in increased transportation, higher carbon emissions, and a damaged image for the brand; but also, more transportation ways and waste spoil the brand's efforts to a greener footprint

Compliance issues - leads to a loss of confidence in the brand, not just in terms of product quality but also as news of unethical labour conditions in the supply chain travels fast and reaches consumers who vote with their feet

Lack of R&D support - Brands spend a lot of time and money on finding the functional and up to date trims, satisfying trends, functionality as well as sustainability requirements; partnering with strong trim and accessory suppliers gives the brand the benefit of receiving valuable information about trends and new developments and support them in making decisions regarding materials, colours, and functionality

Added workload - Designs of trims and accessories are not only defined but also communicated to each and every supply chain partner, in different IT systems and formats, repeatedly with especially variable data often taking up more valuable time to process and communicate to all the manufacturer's systems

Next:

How can risk management provide net benefits of not only preparing the brand for future damage, but also shed light on an organization's efficiency and make it easier and less costly to run?

What are the opportunities?

To read the entire white paper, contact us: info@newtrims.com