

Progressive Risk Management in the Apparel Supply Chain

- *with special attention to sub-supplier structures*

Executive summary, White paper

2020 was a turning point in many ways. Economically, future growth will be harder to achieve and survival is top of the list on the management agenda for most textile brands. It is safe to say that the risks which are lurking in the fashion and apparel industry's near future are not just related to budget and cash flow. Manufacturers - and even brands - face the realistic prospect of going out of business, which will result in substantial planning and forecasting challenges in the supply chain and this, in turn, could lead to late or cancelled deliveries and a range of further challenges because of these events.

It is vital for supply chain risk management to proactively prepare a brand for damages which may occur because of future events, and to identify impending risks as well as to implement fast and effective responses or - even better- avoidance strategies. However, this is no longer enough.

In the "new normal" following 2020, the companies which will survive and thrive will be those who prioritise critical analysis of their internal and external structures. The winners will be those which analyse their current strengths and weaknesses, identify the vulnerable links in the supply chain, and build strategies to create resilient, agile, and controlled organizations - for the immediate and long-term future.



The Tier 2 level of the supply chain, those companies delivering all necessary trims and accessories (such as labels, bags, zippers, buttons) to the garment manufacturers is often overlooked. Brands rarely recognize the risks of doing so, the opportunities which their organisations are missing out on or the untapped opportunity to free up cash.

As identified later, risks vary in likelihood and severity, but classic examples are delivery disruptions, dependency on key suppliers or capital which is tied up in inventory.

Improvements to the Tier 2 sub-supplier level do not only include immediate cash release, enhanced control, or verifiable compliance. Knowledge of the brands' trims and accessories supplier set up offers a variety of benefits that positively affect a company. On the one hand the collaboration with the manufacturer base has a positive impact on the supply chain as, for example, the avoidance of inflated product cost (wastage, overhead cost or other undefined cost elements). On the other hand, there are advantages to the internal structures as well e.g., by reducing the workload.

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 exactly are the risks? What are the opportunities?

And what now?

To read the entire white paper, please contact us!