

# Session 2 - Shared Risk and Reward in the Fashion Supply Chain

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## *Webinar*

Creating a better retail margin, at less risk, requires investment in process innovation. What investment should retailers and suppliers make, and how can it create value both upstream and downstream? How does a faster, leaner and more agile sourcing relationship help to balance risks and rewards? Is our industry business model capable of overcoming its low profit, low growth and low tech reputation? Isn't the balancing and sharing of risk and reward among buyers and suppliers one of the keys to unlocking a better overall performance of the supply chain?

## **KEY TAKEAWAYS**

- Too much stock, too much pollution, the high costs of the low cost sourcing model. The industry faces a capital crisis and a talent gap.
- Foundation for the transition to an industry that is more sustainable in the broadest sense of the word (better for people, planet and profit) is a full transition to a sourcing model based on flexibility and the reduction of uncertainty. Market value gains of companies successfully reducing uncertainty through flexibility regularly are 30%-40%.
- What is needed for a transition is 'architectural innovation', a reconfiguration of processes within companies and within supply chains. The current adversarial relations in the supply chain are a barrier to change.
- Partnering strategically is how to move the needle. Going upstream to solve downstream issues, co-solving supply chain issues. Pushing on innovation and not on price.
- 'De-risking the supply chain requires a wholistic approach, involving the entire company, the entire supply chain.
- Working together beyond tier 1, also with fabrics suppliers is a practical way to increase flexibility and control. Brands and manufacturers develop fabric libraries to have available fabrics as a starting point for design. As in the car industry, certain fabrics can form a 'platform' to develop multiple finishes from.

- Mindset is key, being real, open and authentic at any step. Planning and working on in the supply chain on the future together, tightly coupled in trust and transparency.
- Sustainability only works if it is woven through every component of the business.
- The system is important, but people make the system; it's about continuous learning.