

Banyan Tree Update IAF

What has happened since launch for “Under the Banyan Tree: Buyers and Suppliers in Fashion,” published by the IAF and International Trade Centre?

To answer, we first recall its purpose for commission which was to consider the post-Covid breakdown of contracts, trust and relationships in global apparel sourcing. In this painful era, limits to mitigate risk in all tiers of a supply chain became evident and onerous when conventional sourcing largely focused on pricing and short-term contracts. To restore prospects for profit and prosperity, what alternatives and incentives could overcome a history of chronic inefficiency and replace adversarial, seasonal bargaining?

Over-production is the foremost obstacle

The intent of the original report was to analyze and reinterpret buyer and supplier relationships. It was a departure from traditional insights for operational improvements, seeking to elevate the role of manufacturing to create total value based on responsive and responsible production. This perspective identified over-production as the foremost obstacle to superior value, and quantified financial capital recaptured from excess inventory, margin erosion and lost sales. Productivity, not volume or lowest costs, defines future value.

Supply flexibility is the greatest opportunity

Since publication, critique by industry and academic experts is validating, trade politics have intensified fashion uncertainty, and new technologies have proven AI in the upstream supply chain. These elements define collective architecture to transition a fashion system, attract new participants in Banyan Tree, and demonstrate significant economic and social benefit for buyers and suppliers. No alternative exceeds impact from process innovation articulated as supply flexibility, or postponement. The observation of Stanford’s Warren Hausman holds true in 2026: “Supply flexibility is by far the greatest opportunity in global apparel to increase market value.”

Since October 2024, progress can be summarized as follows:

1. Consensus among global manufacturers is that over-production is the primary obstacle to a productive, sustainable industry, regardless of geography. Their views are evolving to a statement of commitment and capabilities -- a “Manifesto” -- to profitably make what sells, and to eliminate excess, unneeded production.
2. Lost capital is the primary metric to drive value through productivity. The mutual goal of buyers and suppliers is to generate shared value, reduce demand risk and elevate purpose beyond transactional commerce.

3. The most evident theme of “Under the Banyan Tree,” is migration of new technologies into the upstream supply chain. These AI applications improve forecast accuracy in planning, minimize costs and waste of deadstock in design, and collapse lead times in product costing and development. This emerging AI architecture harnesses data and decision complexity to accelerate the pace and promise of transformation.

“Under the Banyan Tree” is an achievable and uniting vision for a sector often regarded as low profit, low technology and low growth. Rapid diffusion of technology is a primary goal of its participants, accelerating productivity in the world’s most globalized industry. A next generation is undaunted by fashion history and perceives fashion as ready for reinvention – together.