THE HUMAN-CENTERED SUPPLY CHAIN

PLAYBOOK

MAKING SENSE OF THE NEW LANDSCAPE

DELIVERED BY DHL

THE CURRENT STATE

Historically, designers and consumers have been separated from one another in a rigid, siloed system.

DESIGNER

PLAN
Financial
Planner

SOURCE
Manufacturers

MAKE
Suppliers

DELIVER
Distributors
Retail

CONSUMER

The majority of bargaining power sat in the hands of manufacturers, suppliers and distributors.

THE FASHION INDUSTRY IS TRANSFORMING.

Today, new technologies and digital business models are shifting the balance of influence and bargaining leverage across partners in the fashion supply chain.

OVERARCHING CHALLENGES

**BUILDING AND MAINTAINING
A SUPPLIER NETWORK:**

- Connecting with high-quality suppliers when starting out, before having an established relationship and/or reputation.

- Finding mills and factories without a source that indexes them by location or other qualities like sustainability, ethics, or luxury.

OVERARCHING CHALLENGES

ALIGNING BRAND TO OPERATIONS:

- Choosing between transparency and cost management.

- Iterating and building upon a network as designer's brand values and standards evolve.

OVERARCHING CHALLENGES

SCHEDULE ALIGNMENT:

- Aligning production schedules across multiple parties (internal and external), especially with little control over suppliers.

- Developing a financial forecast and collecting market intelligence data before products hit the market and full sell-through data is received from retailers.

OVERARCHING CHALLENGES

DATA ANALYSIS:

- Tracking all of the data that passes through channels (both designer-owned and partner/supplier-owned), making sense of it in real-time, and incorporating into decision-making without a common platform.

- Collecting full sell-through data from retailers and other channels.

- Developing a financial forecast and collecting market intelligence data before products hit the market.

- Collaborating with international delivery provider to analyze trade lane performance and delivery metrics
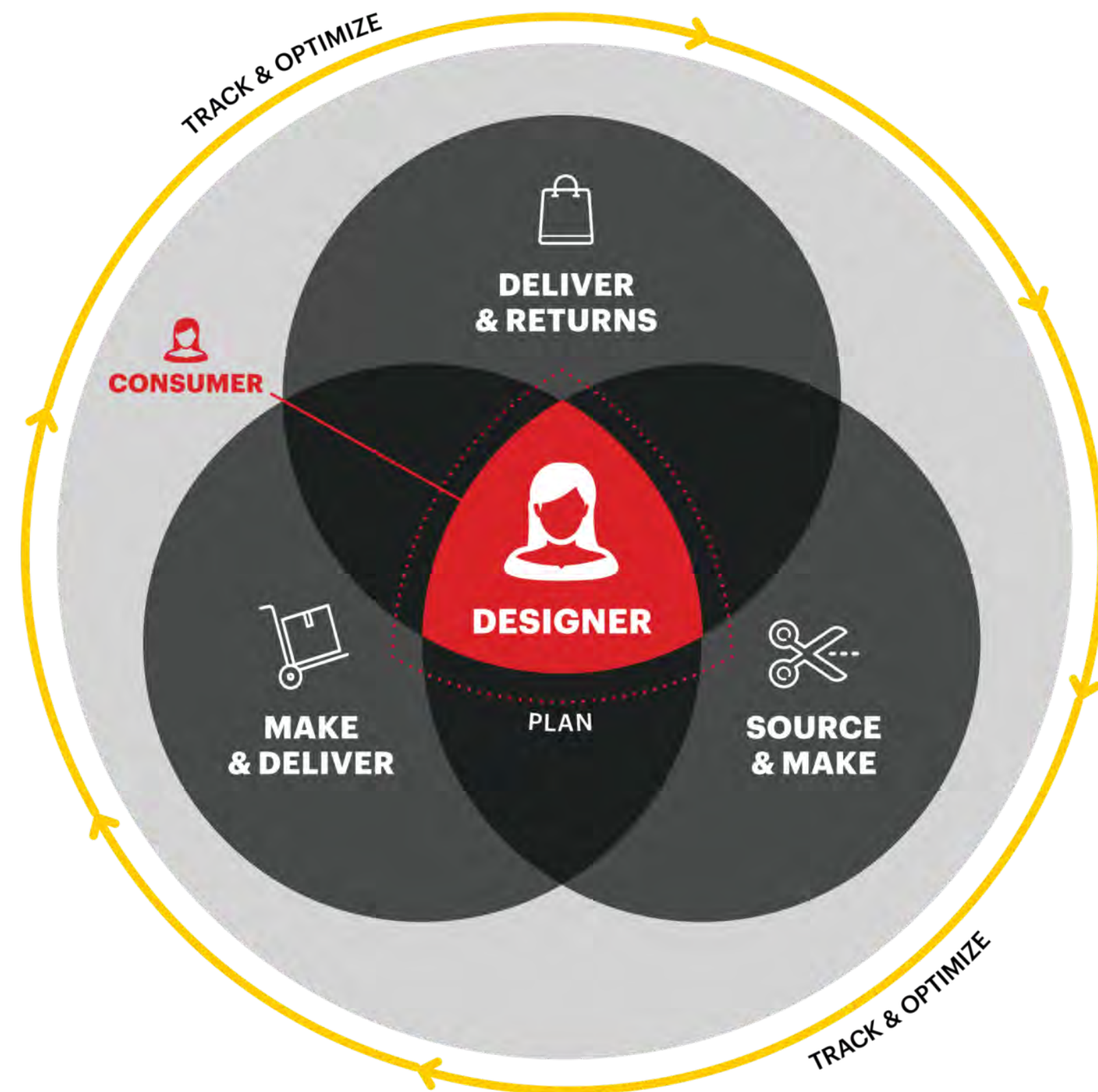
Through this study, we explored an emerging

HUMAN-CENTERED SUPPLY CHAIN

This view represents the shift from a sequenced approach of supply chain to an agile and connected network of partners with the designer at the center, orchestrating connections.

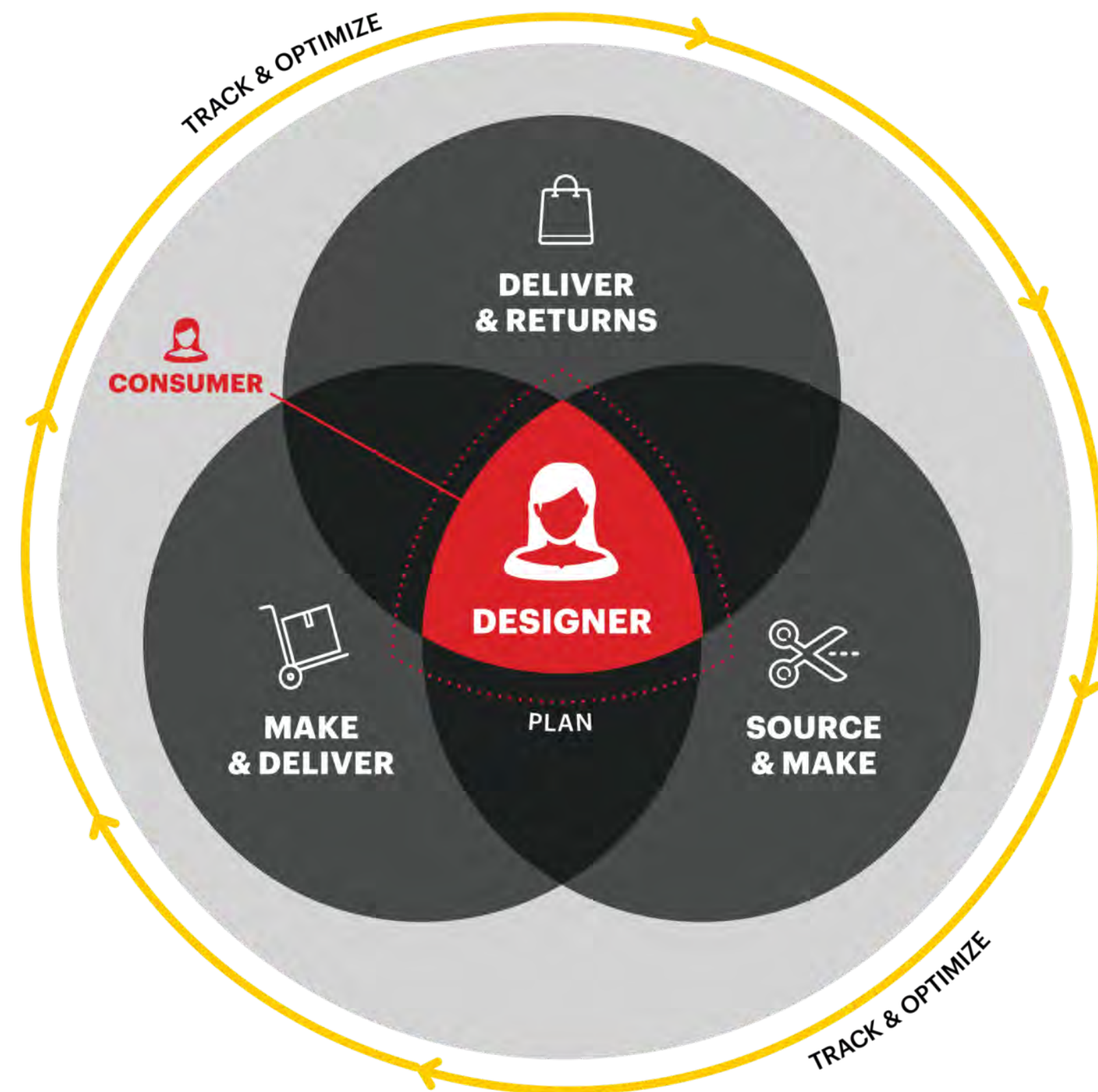# MERGING OF TRADITIONAL STAGES

THE MODEL IS EVOLVING, WITH TRADITIONAL SUPPLY CHAIN STAGES BEGINNING TO MERGE

What was once a linear process is becoming increasingly merged – activities are not as clearly delineated between process steps.

This requires designers to adopt a flexible mindset and engage supply chain partners earlier, treating them as part of the project team.

CONNECTED CONSUMER

THE CONSUMER IS CONNECTED TO THE DESIGNER AND THE SUPPLY CHAIN PROCESS

The new supply chain helps facilitate relationships and opportunities across designers, consumers and supply chain partners.

The process is improved upon through tracking and optimization across all phases.

Visibility from pickup to final delivery is crucial to keeping all parties connected.

THE DESIGNER'S PLAYBOOK: A PLACE TO START

The Designer's Playbook highlights findings and challenges observed across the new landscape.

This study has revealed key focus areas, insights and best practices to help guide designers in navigating the Human-Centered Supply Chain.

THE PLAYBOOK

The Playbook aims to address overarching challenges experienced by designers and supply chain partners alike.

NEW MODEL ATTRIBUTES

MOVE FROM TRANSACTIONS TO RELATIONSHIPS

- Enable all supply chain partners to provide expertise through a more collaborative process.

- Bring all partners into a conversation before decision-making.

FIND ALIGNMENT TOOLS FOR ALL PARTNERS

- Use common ways of communicating, scheduling, tracking, and measuring progress.

- Ensure clear definition of roles and responsibilities by developing a shared model (e.g., RACI –Responsible, Accountable, Consulted, Informed).

USE DATA TO MAKE DECISIONS

- Use data as a tool throughout the process to ensure accuracy, efficiency and proactive decision-making.

- Data includes both qualitative and quantitative. Customer interviews, sales trends, real-time manufacturing data, social media data.

BUILD FLEXIBILITY INTO THE DNA

- Create a more nimble model capable of refinement during the process, through a combination of integrating real-time information and partner expertise.

- Determine trade-offs based on cost, timing, sustainability and level of quality. Be willing to iterate and refine throughout the process.

FOCUS AREAS

We have identified four key areas of focus to anchor insights and opportunities, driven by **digitalization** and the **increase of e-commerce,** which map back to the Human-Centered Supply Chain model.
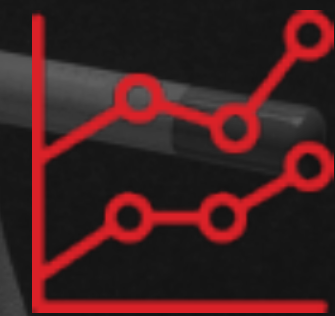
PROCESS OWNERSHIP

RELATIONSHIP BUILDING

BRAND OPERATIONS

ACTIONABLE INFORMATION

PROCESS OWNERSHIP OVERVIEW

Developing an iterative process with clear communication channels across partners, will increase flexibility in sourcing, making, and delivering collections.

- Always use a test-and-learn process in design and development – identify partners that are open to this approach.

- Diversify risk with multiple primary manufacturing partners – relying on one partner increases risk.

- Bring shipping and logistics partners into the conversation early. Develop a hub-and-spoke approach as an effective model for inventory and shipping.

- Find flexible ways to meet the minimum orders required for sourcing.

- Focus on the return process as a key means to receive consumer feedback.

- Perform regular reviews to continuously learn across the process and from season to season.

- Educate manufacturing partners on traceability and sustainability for brand success.

PROCESS OWNERSHIP

Always use a **test-and-learn process in design** and development – identify partners that are open to this approach.
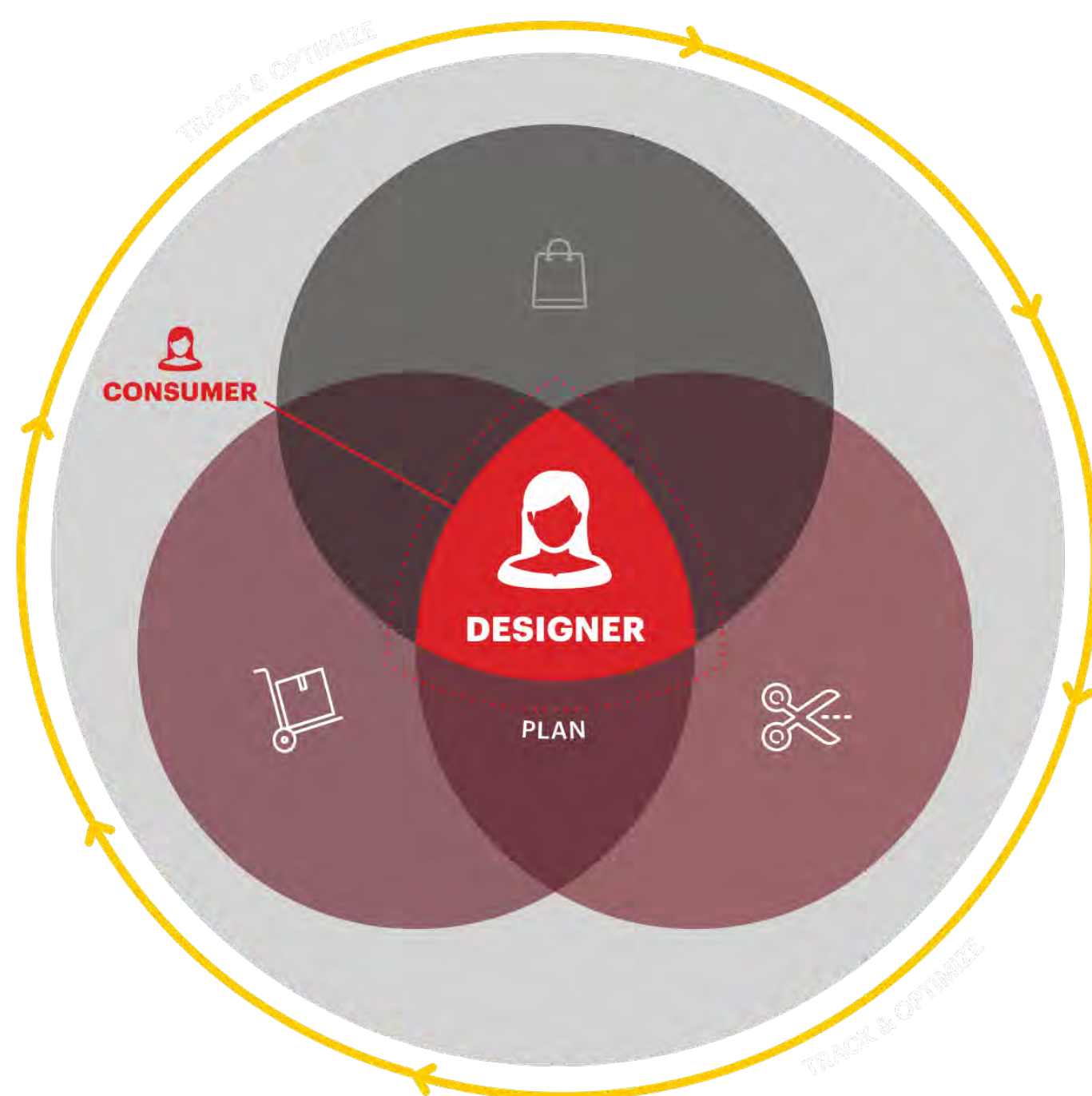
WHAT TO DO:

- Establish a formal operating model prior to designing, which can be used as a baseline for refining and increasing flexibility moving forward.

- Develop criteria to determine which suppliers are open to a test-and-learn process.

- Start conversations during off-season to allow for greater experimentation and time to refine processes.

- Use a pilot-sized approach approach initially rather than immediately implementing large-scale changes.

- Identify key objectives for testing the new approach (e.g. increased traceability, reduced time to market), and co-create small refinements.

- Use a feedback loop with clear measurements to determine success and later refinements.
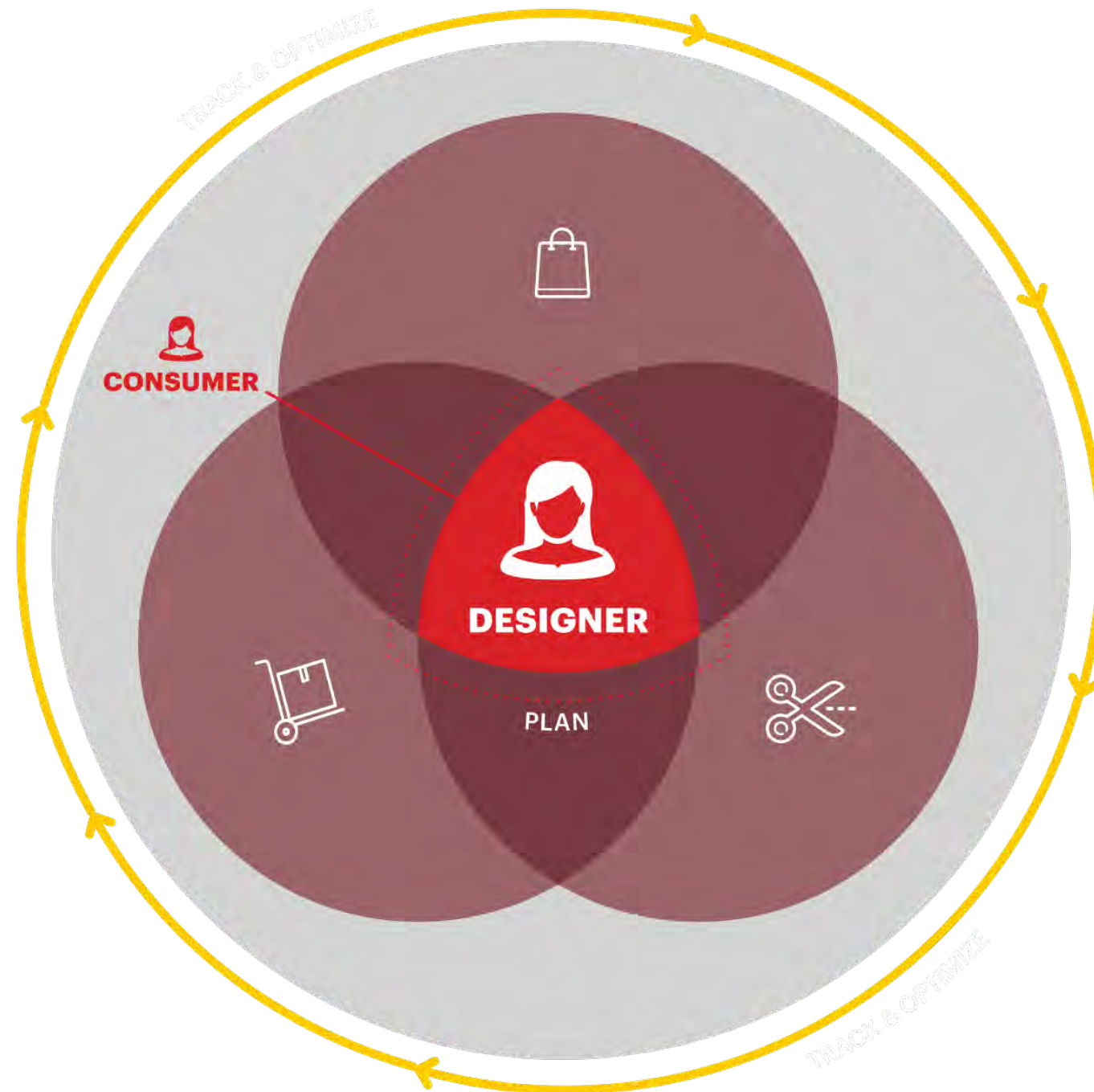
HOW TO MEASURE:

- Increase Profit margin

- Year-over-year growth

- Accuracy of financial plan

- Efficiencies and process improvements – money and time saved

PROCESS OWNERSHIP

Diversify risk with multiple primary manufacturing partners – relying on one partner increases risk.

WHAT TO DO:

- Identify multiple partner options for manufacturing.

- During the process, be transparent about the use of multiple manufacturers and clearly define the primary and secondary manufacturers.

- Develop milestones and criteria for determining success with manufacturing partners.

- Be transparent with your partners about the risk mitigation approach so they understand the requirements and schedules.

- Create a process in advance for switching manufacturers if the need arises.

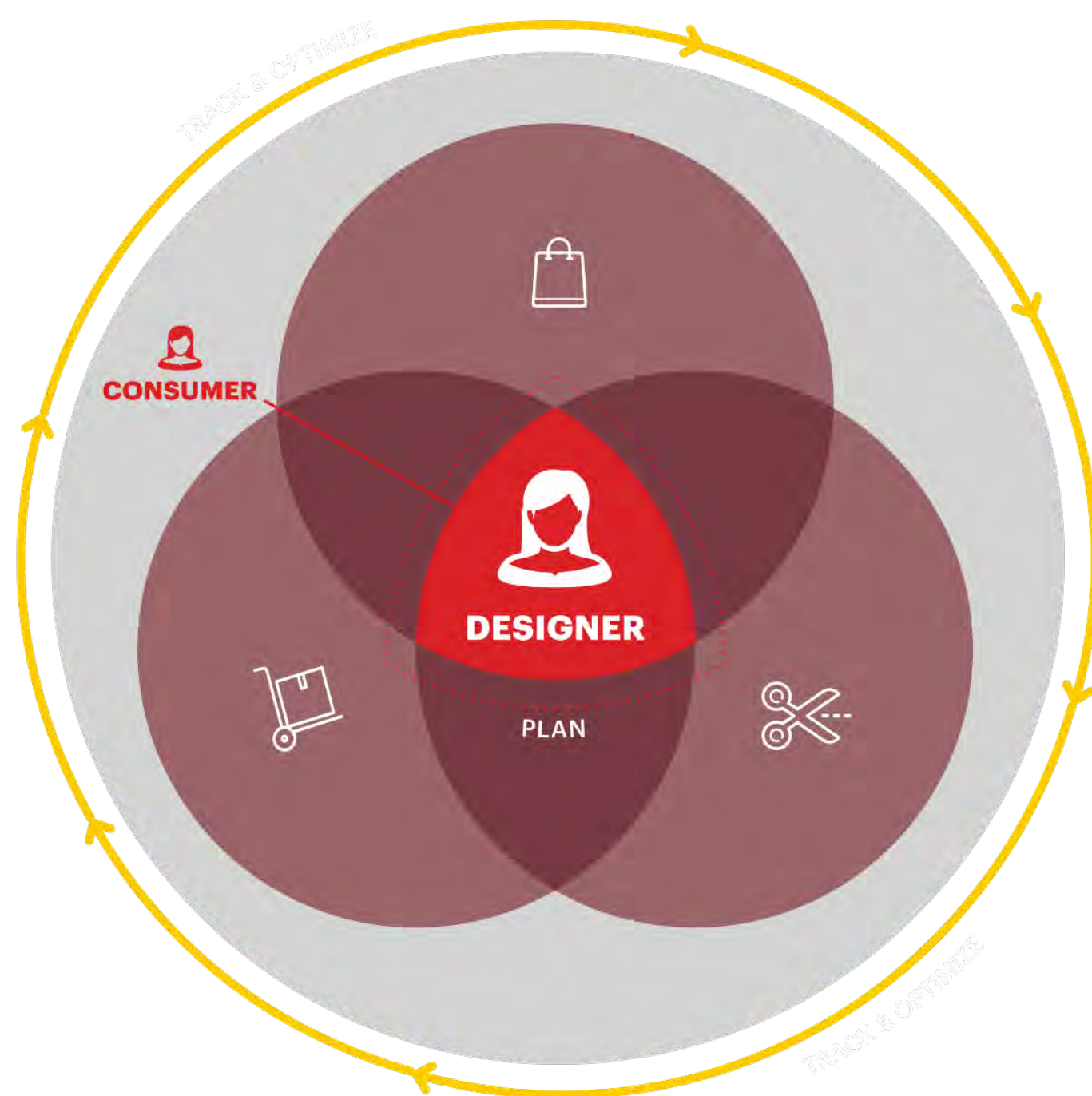- Work with manufacturers so they are aligned.

HOW TO MEASURE:

- Reduced delays

- Reduced "unforced" errors

- Reduced project costs

PROCESS OWNERSHIP

Bring shipping and logistics partners into the **conversation early**. Develop a **hub-and-spoke approach** as an effective model for inventory and shipping.

DHL, the CFDA's Official Logistics Partner, is a key resource for advice on logistics options, global expansion, customs and duty requirements, and even e-commerce set-up. More information can be found by visiting DHL.com.

WHAT TO DO:

- Plan for personal visits to warehouses to see conditions to better visualize and plan for the space and define logistics processes.

- Seek guidance / mentoring from shipping partner, to help create a best-in-class experience.

- Determine key objectives for logistics prior to engaging partner including: sustainability, cost, timing and consumer care.

- Find bulk shipping and other options based on location prior to choosing warehousing.

- Identify warehousing locations that are local to you and local to your consumers. If they do not exist, think about sharing warehousing capabilities with a larger partner.

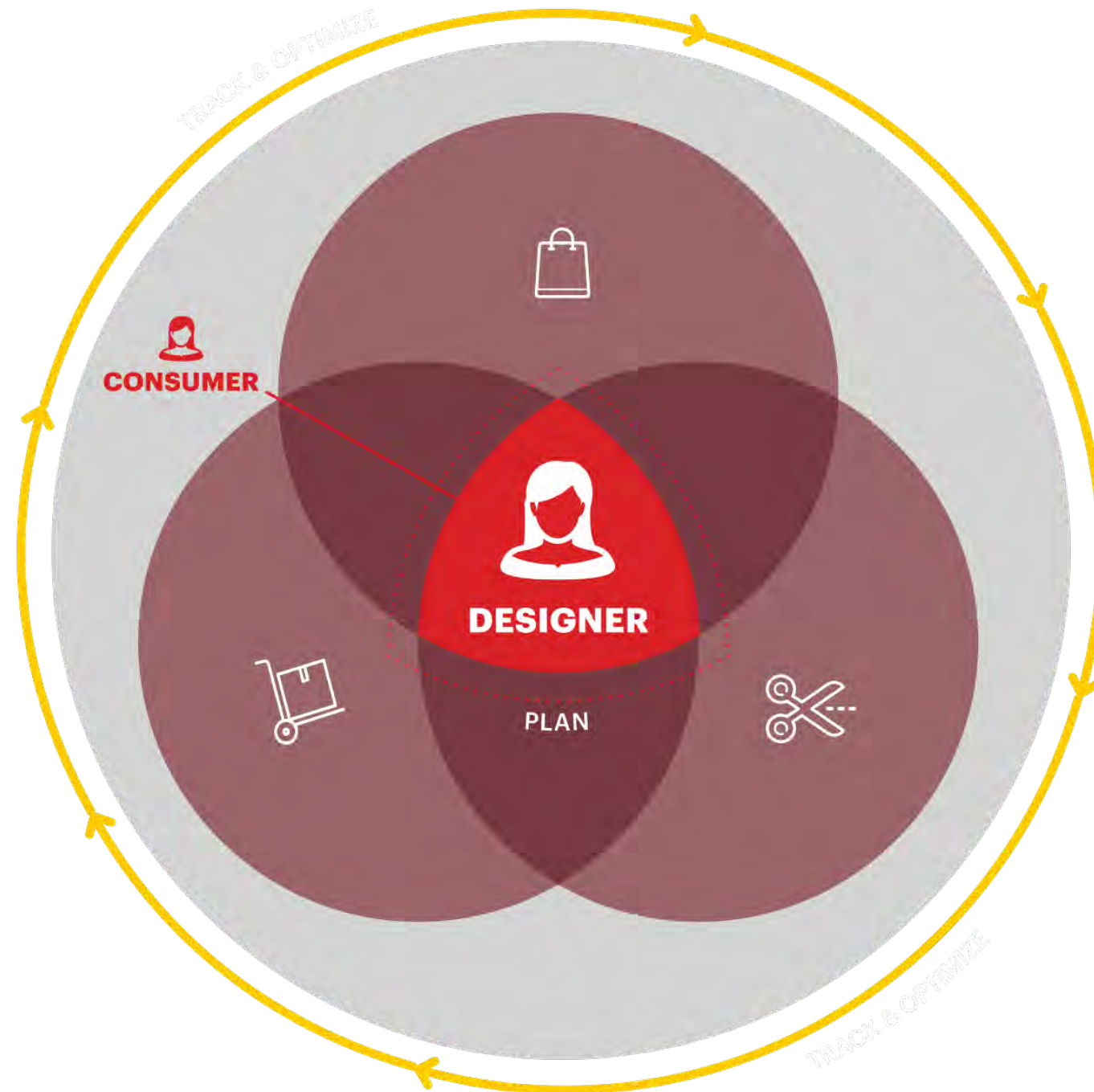- Work with distributors to identify local warehouses.

HOW TO MEASURE:

- Planned and optimized customs and duty fees

- Increased touch points with logistics partner(s)

- Reduced cost to deliver

- Reduced time to deliver

PROCESS OWNERSHIP

Find **flexible ways** to meet the minimum orders required for sourcing.

WHAT TO DO:

- Be open to fabric changes to better meet cost and time requirements.

- Discuss seasonal point of view early in the process with supply chain partners to identify ways to decrease costs, time to market, and increase sustainability.

- Refine timing and fabric choices after you have spoken with supply chain partners.

- Use CFDA and other industry resources to find small batch sourcing partners.

- Find other designers to meet minimum orders especially for fabrics. Share excess materials with like-minded designers.
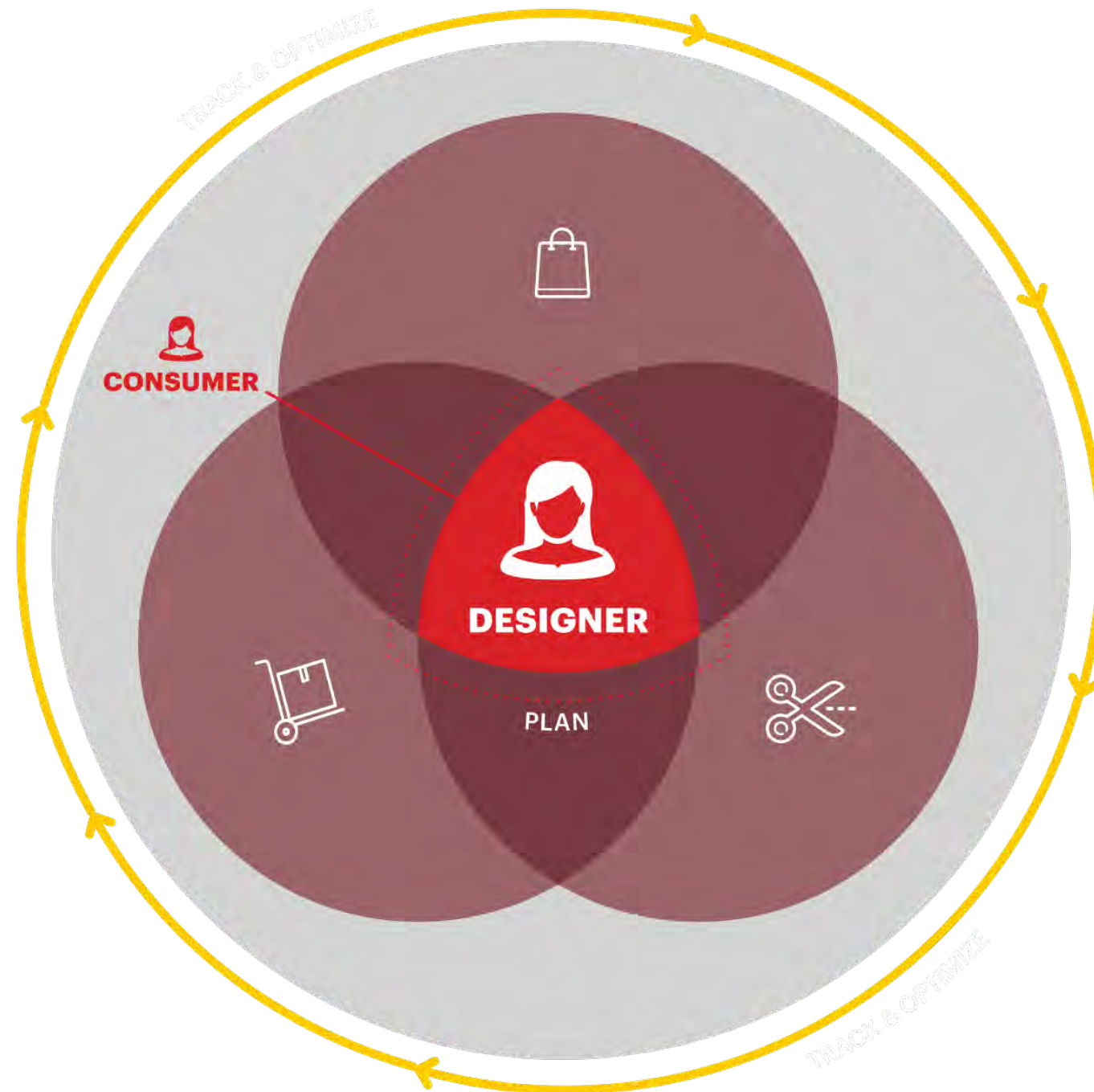
HOW TO MEASURE:

- Reduced cost per product

- Reduced material waste

- Increased source material options

PROCESS OWNERSHIP

Focus on the **return process** as a key means to receive consumer feedback.

WHAT TO DO:

- Work with retailers to establish low-hassle returns process and ensure consumer feedback is easy to obtain.

- Enhance and promote customer service capability to capture consumer feedback on products and purchase process, including returns.

- Include consumer feedback during regular supply chain reviews to make refinements.

- Determine means to easily identify consumer behavior patterns through consumer analysis tools.

- Work closely with shipping and logistics partner to ensure seamless and timely return process.
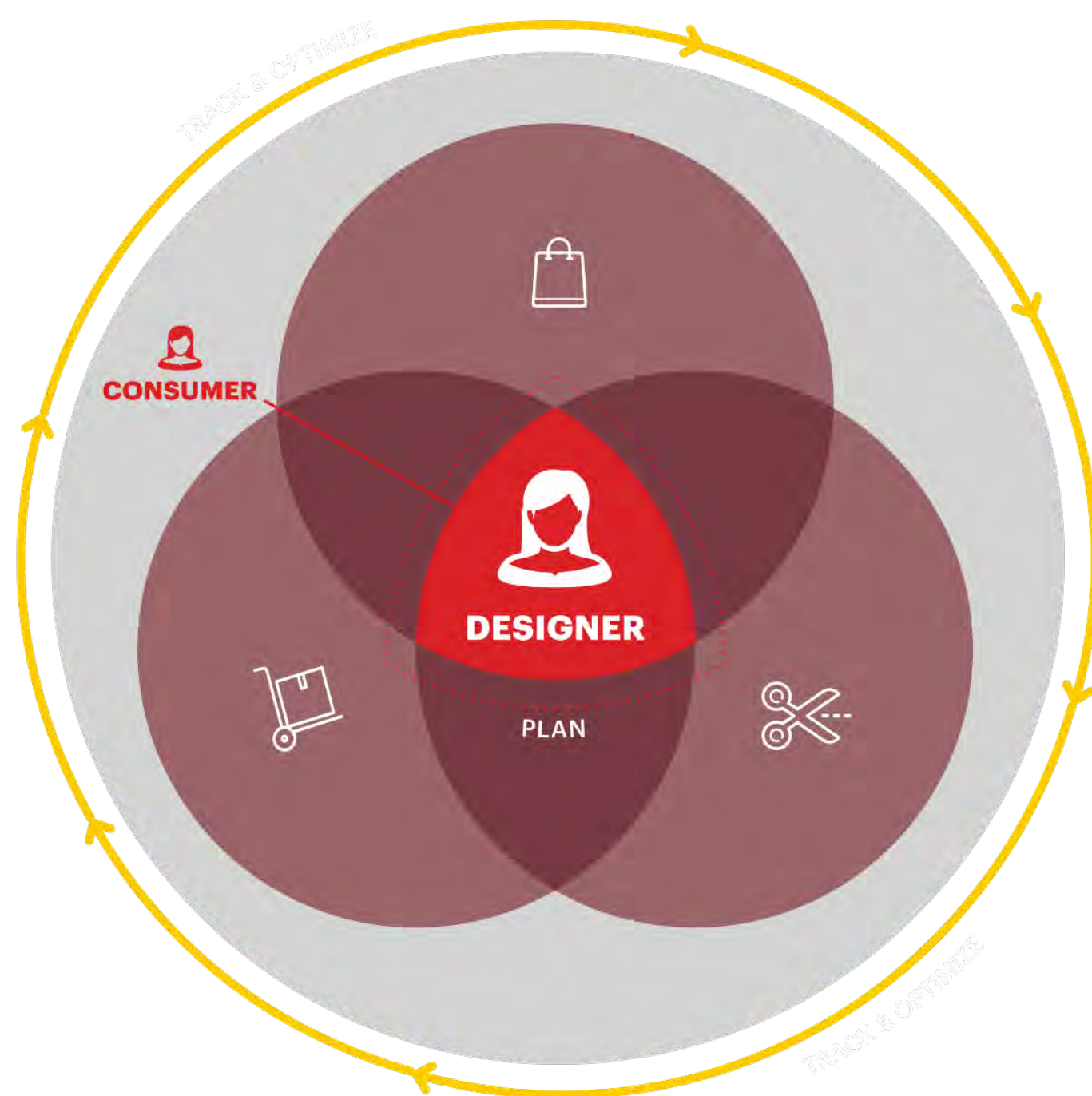
HOW TO MEASURE:

- Incorporation of consumer feedback into collection planning and design process

- Increased consumer tracking and analytics

- Purchase, delivery and return experience as part of designer's brand experience

PROCESS OWNERSHIP

Perform regular reviews to **continuously learn** across the process and from season to season.

WHAT TO DO:

- Create structured way of receiving and aggregating feedback across steps. Use multiple sources to collect feedback, from both partners and consumers.

- Identify multiple points across the process to bring team and partners together to discuss learnings.

- Prioritize process refinement insights; decide and build them into your schedule.

- Budget for a post-launch meeting. Have in-person discussions about improvement scenarios and identify specific owners for improvement actions.

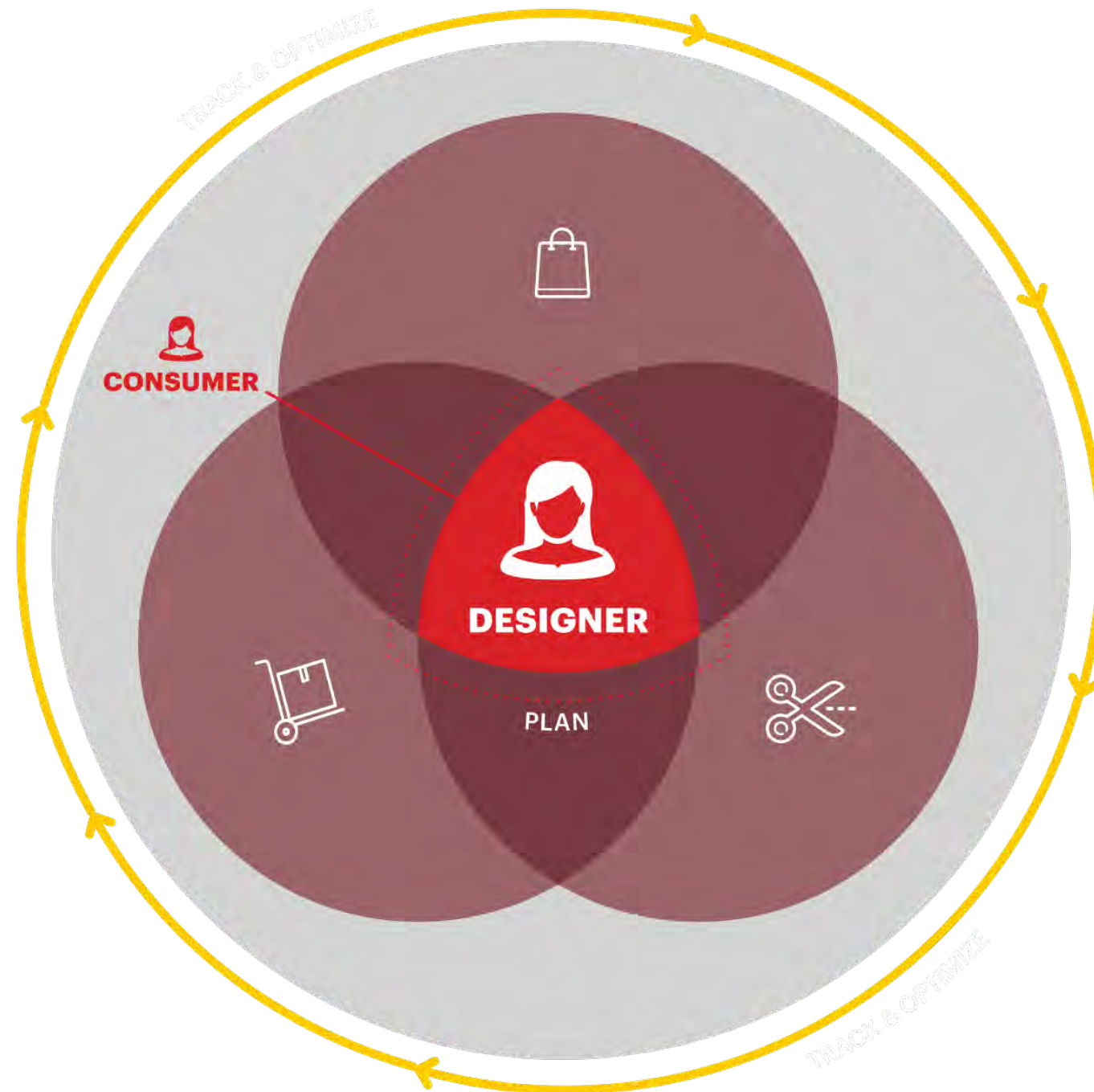- Document findings and develop clear action items.

HOW TO MEASURE:

- Increased refinements to the process

- Increased partner satisfaction

PROCESS OWNERSHIP

Educate manufacturing partners on **traceability and sustainability** for brand success.

- Divide sustainability journey into discrete steps to be measured and implemented over time (e.g., start with subset of collection using organic fabrics, add locally-sourced trims, increase percentage over time).

- Define logistics and shipping footprint for costs and sustainability; work with partners like DHL early in the process to understand options like tracking and tracing tools, scheduled delivery windows, and carbon-neutral shipping.

- Educate partners on sustainability early in the process, before manufacturing is underway.

HOW TO MEASURE:

- Reduced dead stock

- Accuracy of material planning

- Reduced packaging waste

- Reduced logistics- and shipping-related carbon footprint

RELATIONSHIP BUILDING OVERVIEW

Developing and nurturing relationships with partners across the supply chain – from mentors and experts to like-minded peers – is critical to success.

- Identify your areas of expertise and your gaps - source to fill the gaps by matching with the strength of a partner early on in the process.

- View suppliers and logistics providers as partners rather than pure activators. Use a partnership-first rather than transaction-based approach.

- Develop a networked approach to the supply chain – ensuring there is team collaboration across partners.

- Passion points, like sustainability, can open up opportunities for sharing and collaboration. Look for groups around your passion area to anchor your network and build shared resources.

RELATIONSHIP BUILDING

Identify your areas of expertise and your gaps – **source to fill the gaps** by matching with the strength of a partner early on in the process.
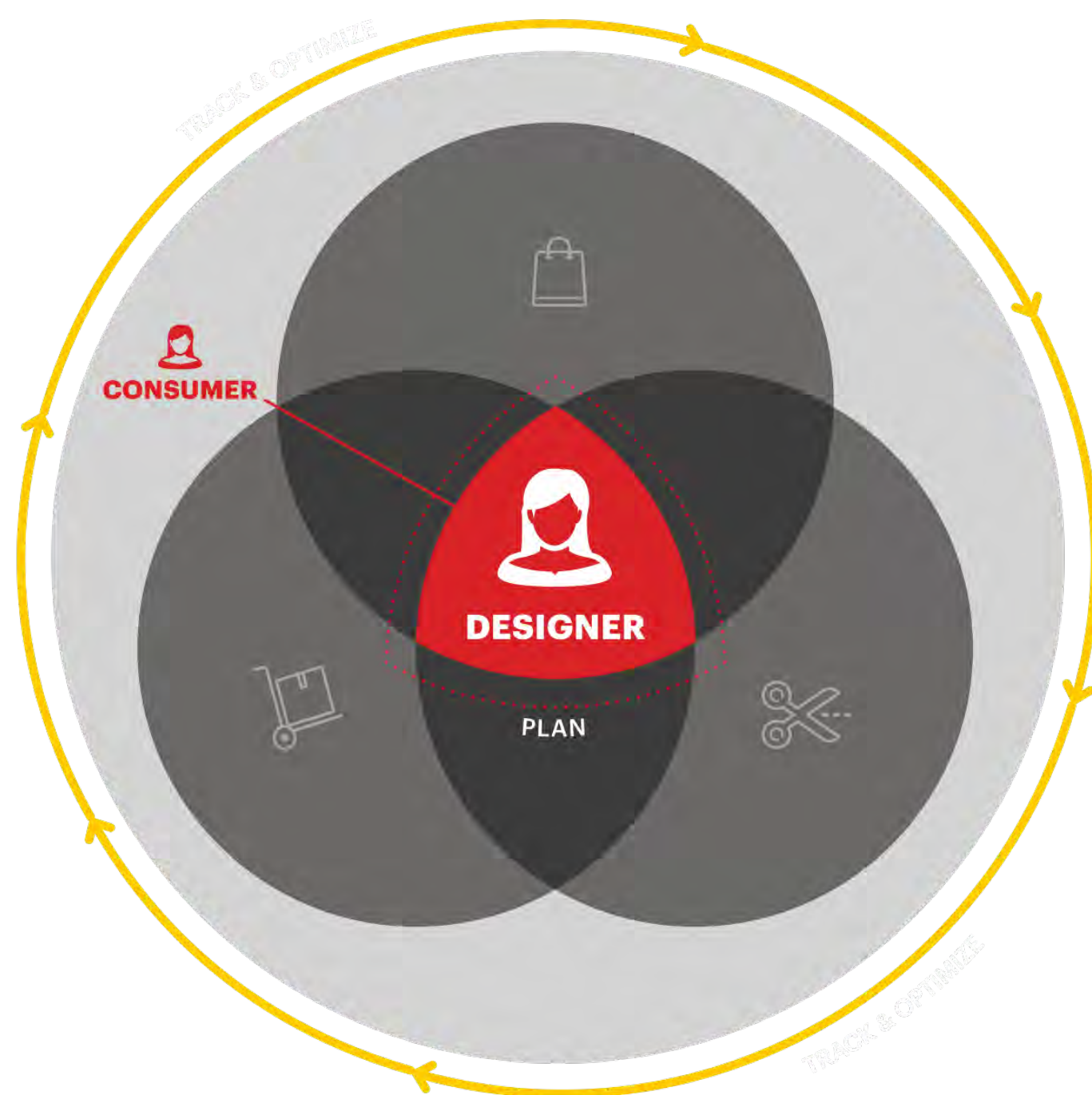
- Identify the most valuable and necessary steps in process through industry research. Focus on craft and vision-oriented skills as a top priority and source to fill the gaps.

- Perform self-assessment to determine the gaps in skills. Be honest about what you are not good at, but also about what you don't want to focus on.

- Use a behavior-based (persona) approach for self-assessment to determine core skillset and interests.

- Create a short and medium-term organizational chart to determine core versus partner responsibilities. As scaling occurs, move to bring more in-house.

HOW TO MEASURE:

- Estimated Standard Allowed Minute (SAM) – time it takes to make a garment

- Estimated labor productivity

- Length of partner relationship

- Partner satisfaction

- Internal and external logistics provider's on-time delivery performance

RELATIONSHIP BUILDING

View **suppliers and logistics providers as partners** rather than pure activators. Use a partnership-first rather than transaction-based approach
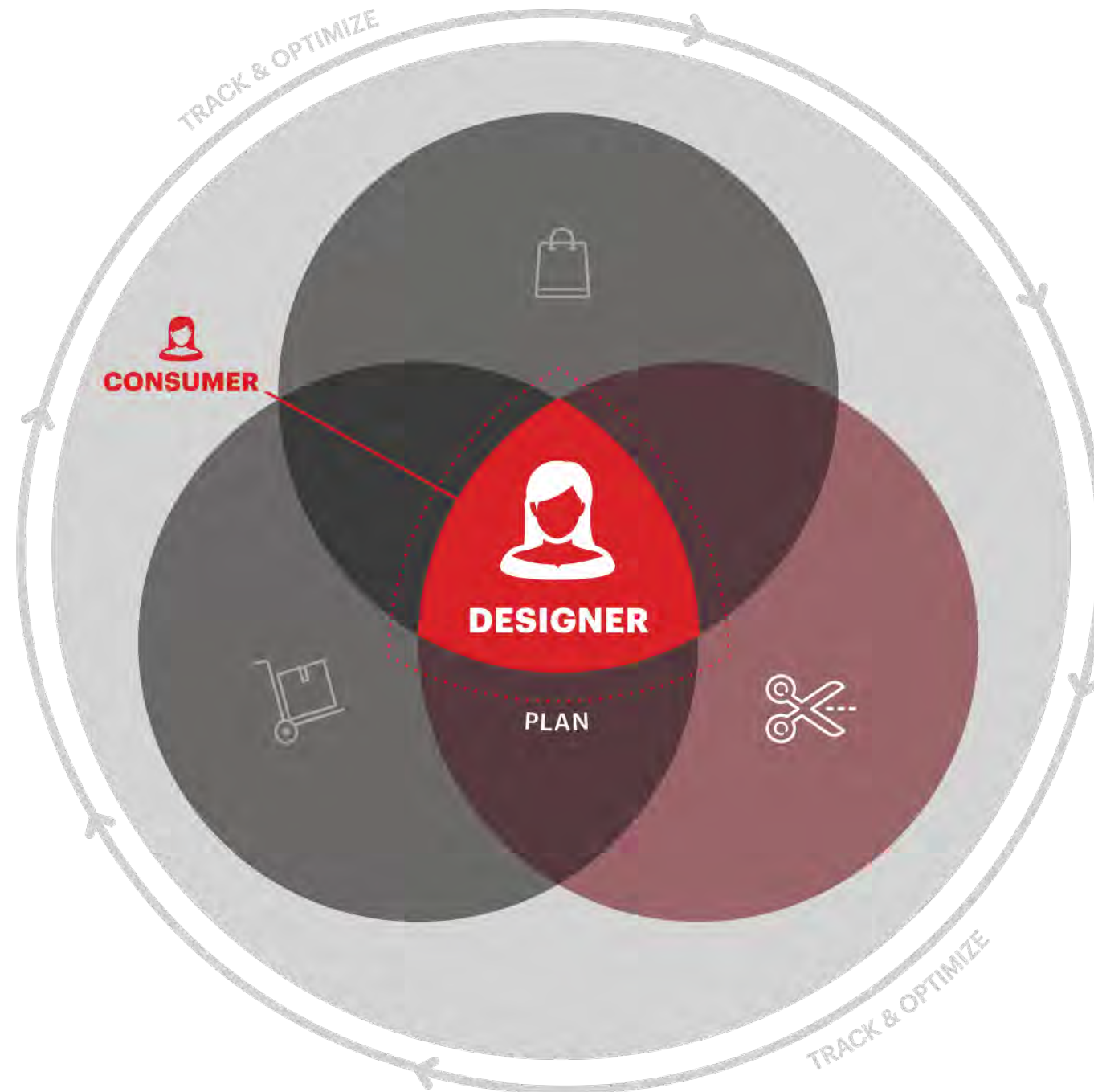
WHAT TO DO:

- Develop a set of criteria for vetting partners that meet both transactional and brand needs (e.g., number of years in operation, factory locations, Higg Index rating on transparency and sustainability).

- Proactively leverage logistics partner's expertise to understand different rules, regulations, and cultures in new markets (e.g., customs and duties).

- Ask for case studies from shipping and logistics partners to understand quality and help identify best practices, unique solutions, and successful strategies.

- Redefine the process to bring supplier and logistics into the broader conversation and ensure there is transparency across all steps.

- Budget for face-to-face travel and group meetings to strengthen relationships.
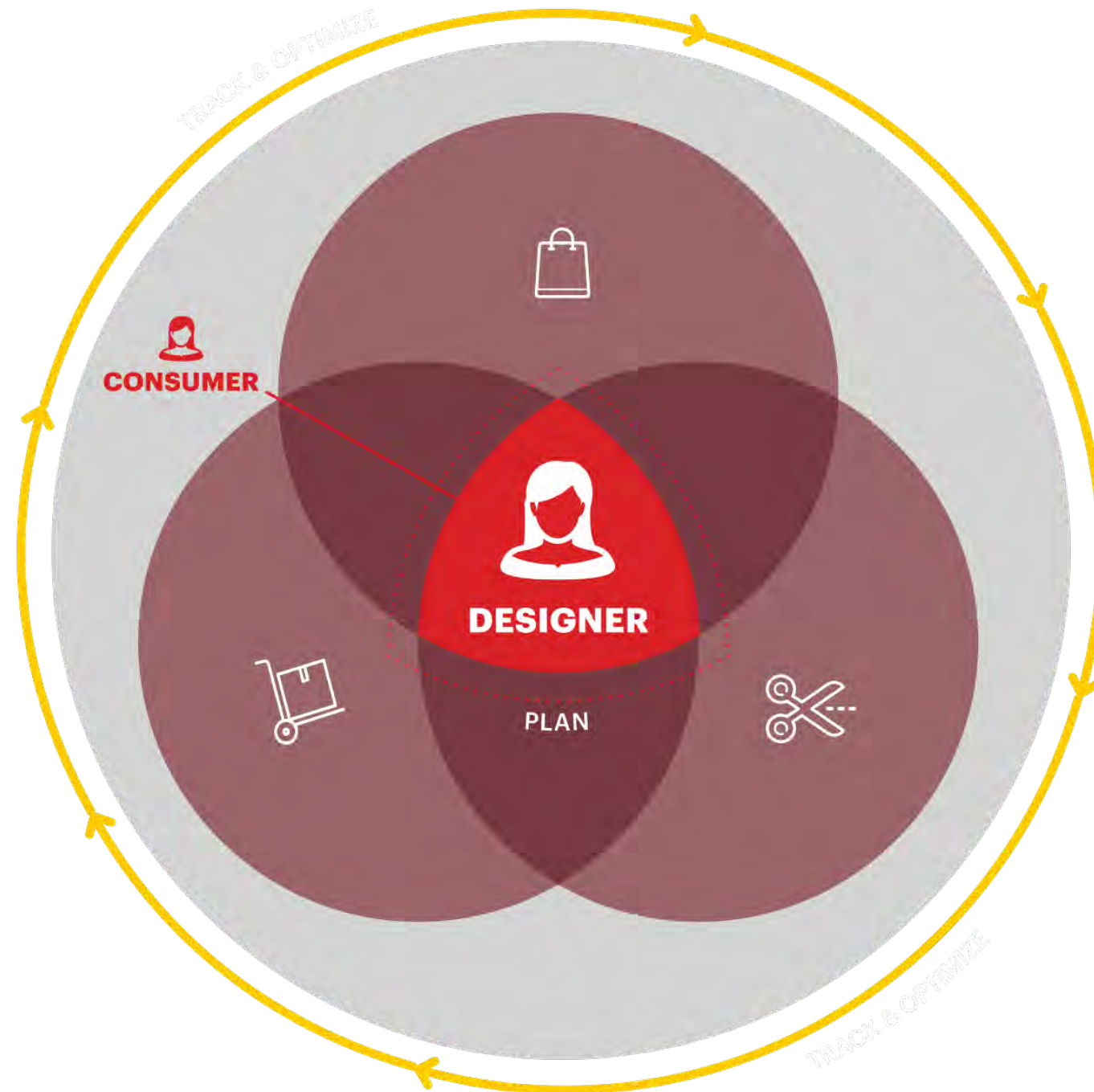
HOW TO MEASURE:

- Increased partner satisfaction

- Accuracy in material planning

- Optimized customs and duties fees

RELATIONSHIP BUILDING

Develop a **networked approach** to the supply chain – ensuring there is team collaboration across partners.

WHAT TO DO:

- Create a baseline understanding of consumers to share with all partners before beginning the process.

- Research, identify, and establish shared success factors. Provide incentives for suppliers to invest in shared goals and go beyond contractual obligations..

- Co-create approach, project plan and production calendar with suppliers – identify key milestones with suppliers to work towards together.

- Ensure time for team collaboration as well as one-to-one conversations. This collaborative approach should be at least 25% of all interactions with the team.

- Establish communication cadence (e.g. in-person meetings, regular checkpoints throughout the process) that requires shared participation.
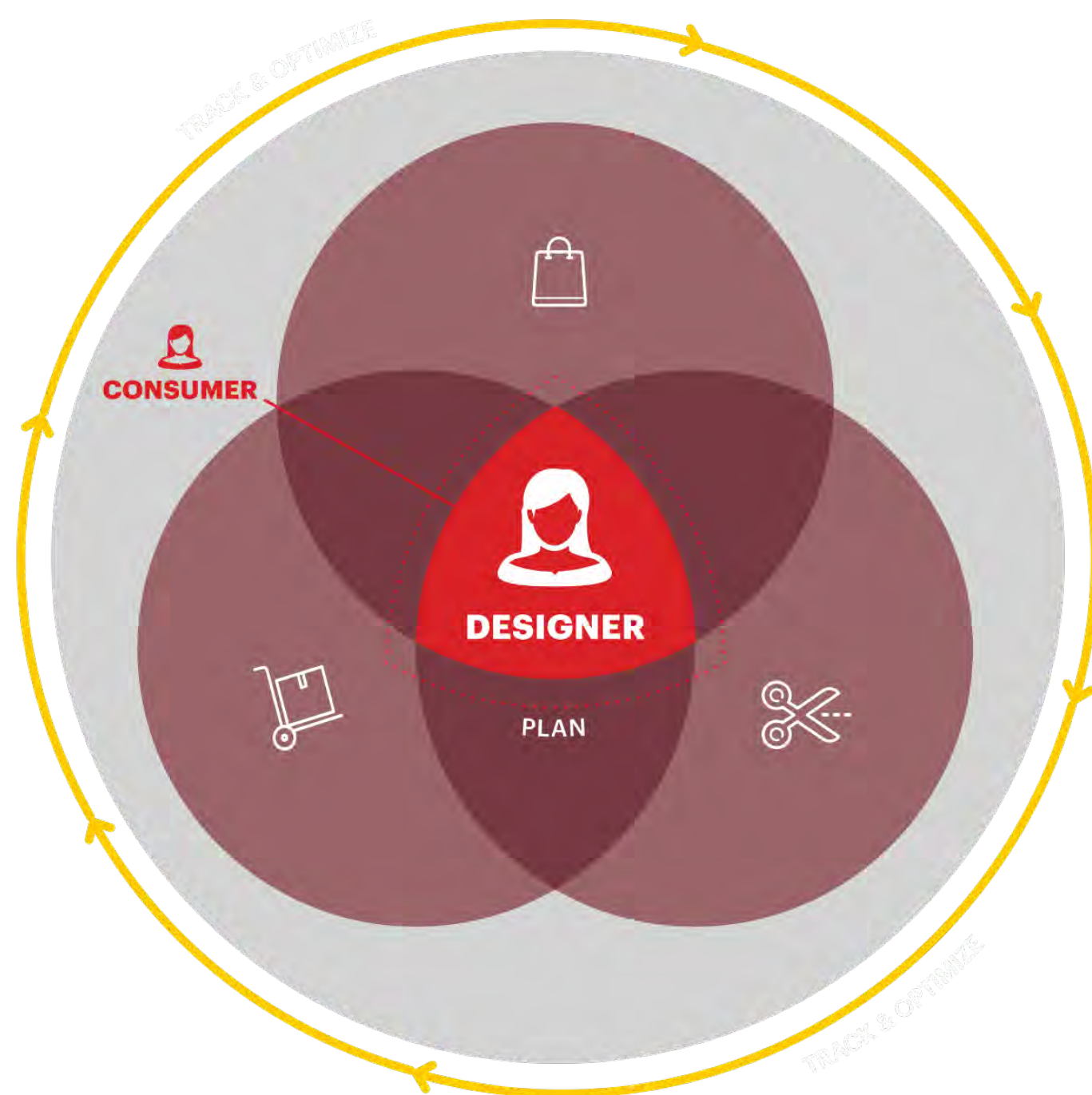
HOW TO MEASURE:

- Increased usage of common platform (e.g., Trello, Basecamp, Google Calendar, Google Drive)

- Increased accuracy of production planning

RELATIONSHIP BUILDING

Passion points, like sustainability, can open up opportunities for sharing and collaboration. Look for groups around your passion area to **anchor your network and build shared resources**.

WHAT TO DO:

- Identify your individual passion areas, create a vision, and develop a set of tenets to realize it.

- Find a formal mentor to share knowledge and resources.

- With a shared network, create a common vision and determine ways to communicate it. Amplifying a shared message will strengthen a brand, not diminish it.

- Use the group to brainstorm new approaches and share trends. Create an open-source approach to navigating questions of sustainability and transparency.

HOW TO MEASURE:

- Increased awareness of additional resources

- Increased communications with a greater number of designers

- Network impact (e.g., how connections can help business)

BRAND OPERATIONS OVERVIEW

Establishing clear operations and avoiding constant reinvention helps avoid unnecessary and confusion for consumers and suppliers.

- Develop a single owner and clear roles between designers and shipping partners.

- Proactively manage for risk by building transparency into the process.

- Continually test and iterate different sales and process models through a pilot-based approach.

- Focus on the core collection to ensure stability of the brand. Use it as a foundation and build incremental changes around it.

- Incorporate the supply chain as part of your brand story.

BRAND OPERATIONS

Develop a single owner and **clear roles** between designers and shipping partners.
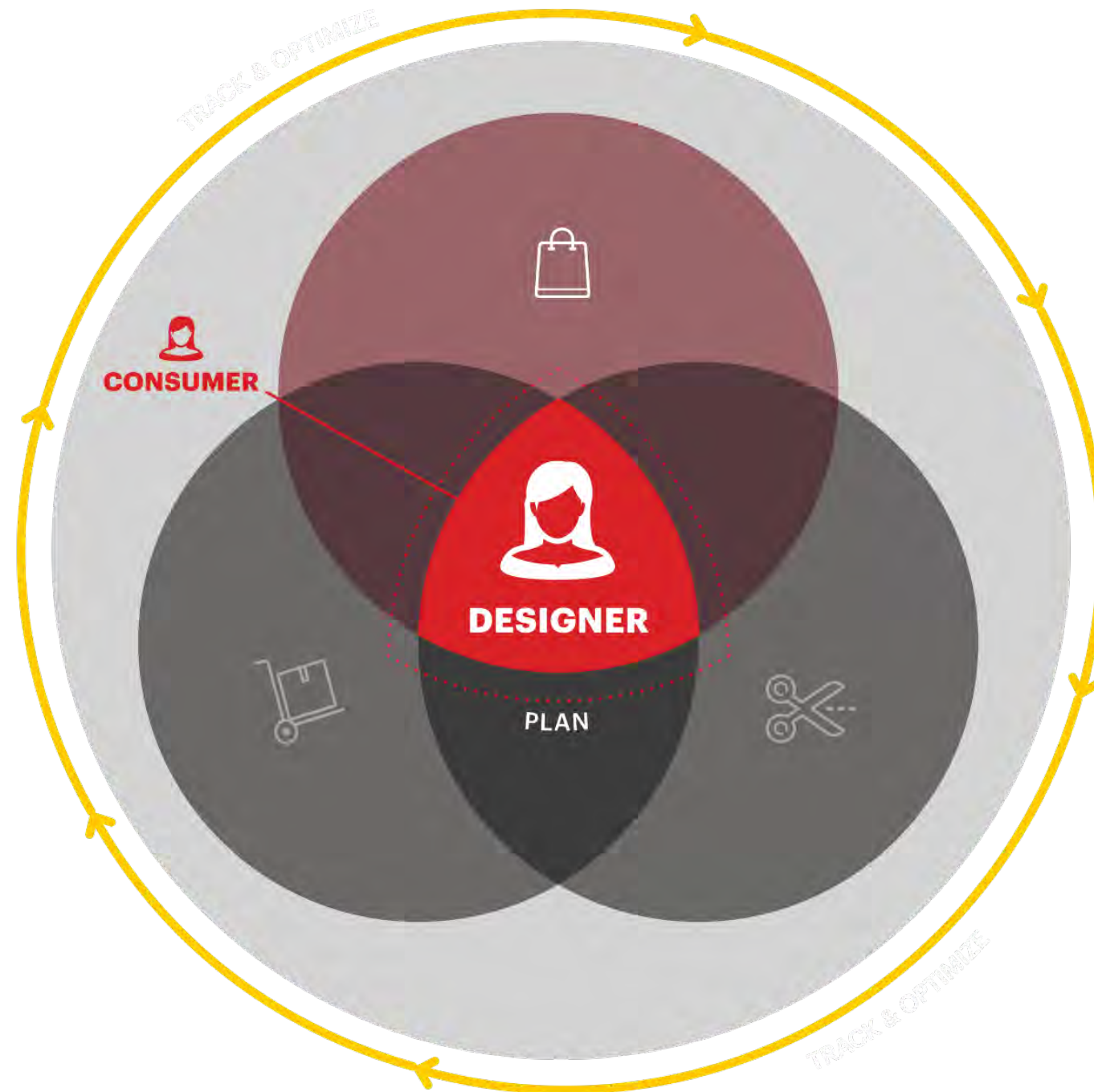
WHAT TO DO:

- Develop an accountability model (e.g., RACI model – Responsible, Accountable, Consult, Inform) and clear communications strategy and approach.

- Develop clear guidelines and milestones to be agreed upon prior to any execution.

- Ensure objectives and activities per owner, with regular proactive updates.

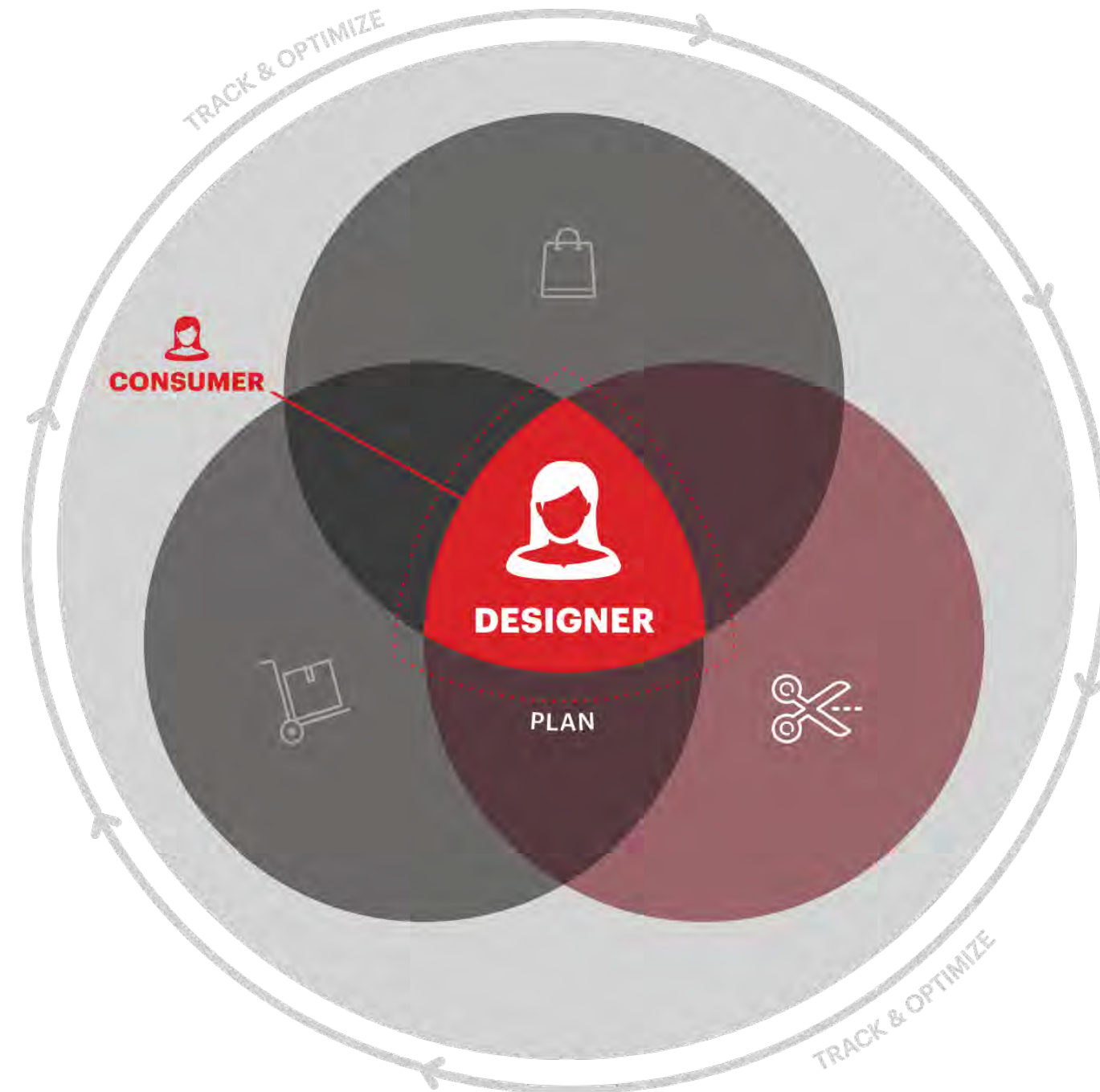- Continually review roles and success metrics for refinement.

HOW TO MEASURE:

- Perfect Order Fulfillment

- Efficient process

- On-time delivery

- Clear accountability

BRAND OPERATIONS

Proactively **manage for risk** by building transparency into the process.

WHAT TO DO:

- Consider in-house sourcing of certain processes (e.g., technical fabrication, pattern makers) to increase awareness of process.

- When performing cost/benefit analysis of suppliers, determine per-piece cost versus overall delays or quality issues.

- Build a financial model that takes holistic financials into account.

- Proactively manage for changes and risk with supply partners and processes by building visibility checkpoints into the process.

- Proactively identify risks to schedule and quality and create mitigation plans to manage them. Include a +10-15% buffer in the budget and time.
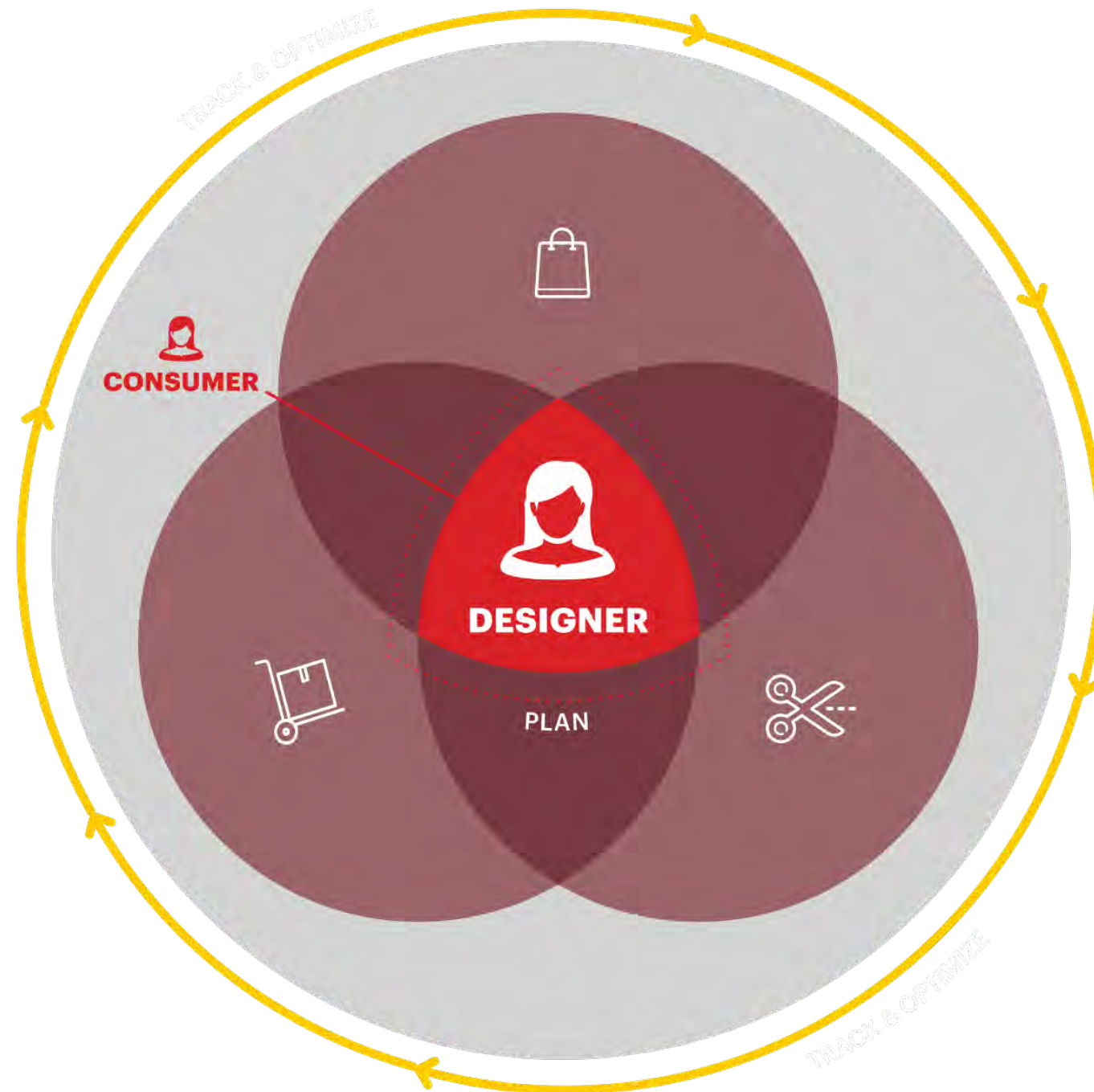
HOW TO MEASURE:

- On-time and on-budget production

- Increased quality level

- Reduced supplier lead time

BRAND OPERATIONS

Continually **test and iterate different sales and process models** through a pilot-based approach.

WHAT TO DO:

- Define success milestones and industry benchmarks in advance to determine advancement to the next level (e.g., creation of e-commerce, new retail location, global expansion).

- Test different retail models (e.g., direct-to-consumer, e-commerce, micro-customization). Pilot in small ways requiring low investment.

- Create continual user-testing through guerrilla research approaches.

- Ensure that feedback is incorporated into refinements throughout the supply chain.

- Create near real-time refinements to test on a continual basis. Test one element at a time.

- Use e-commerce as a means to collect consumer data and solicit feedback.

- Develop an ongoing mechanism for using that feedback to optimize the approach.
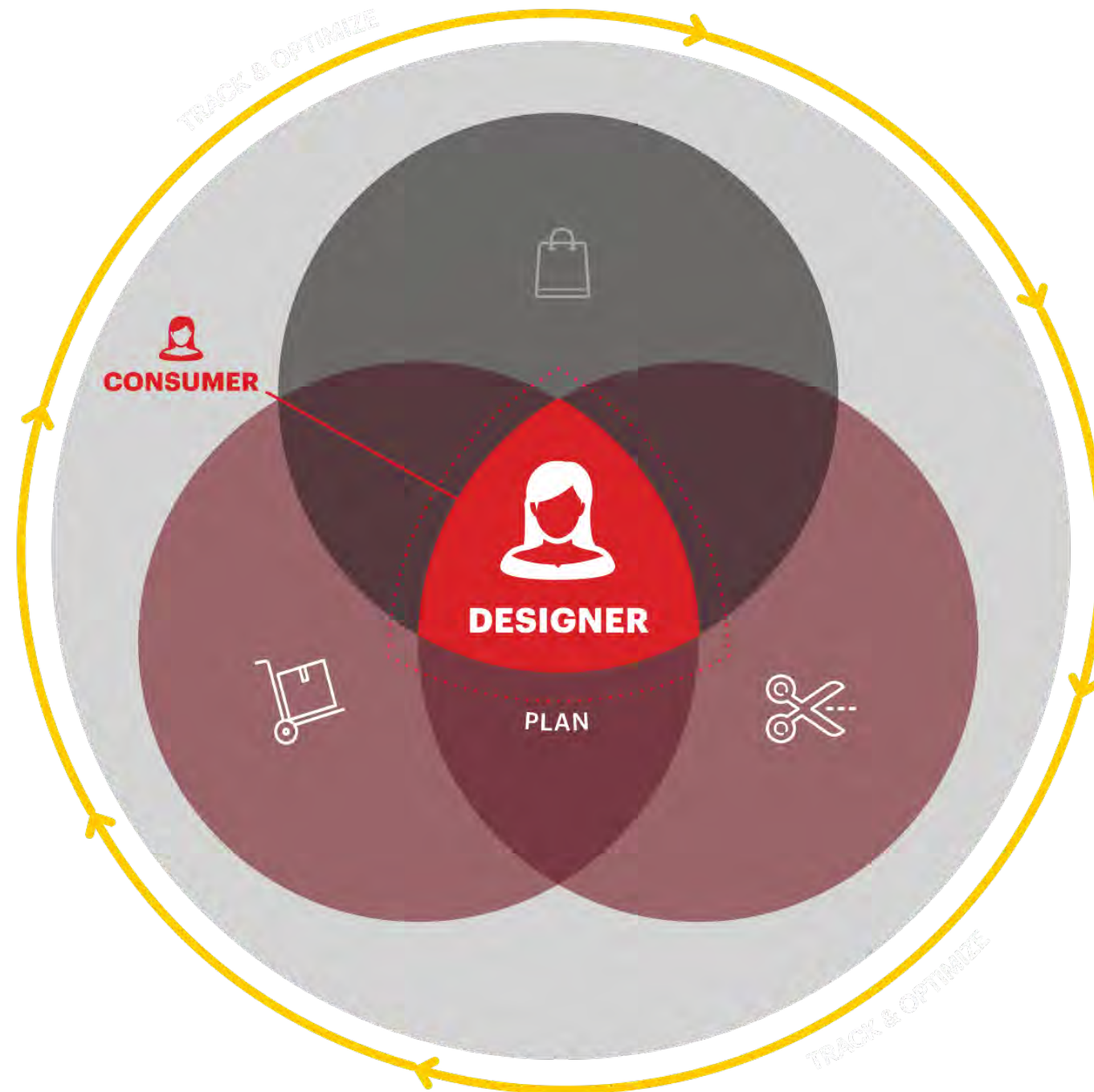
HOW TO MEASURE:

- Reduced cost of sales

- Increased engagement

- Increased sales

BRAND OPERATIONS

Focus on the core collection to ensure stability of the brand. Use it as a foundation and build incremental changes around it.

WHAT TO DO:

- Focus on fashion modularity versus complete re-invention.

- Identify foundational pieces, then make seasonal decisions to build upon the collection.

- Optimize the supply chain process by using core pieces to build relationships with supply partners.

- Change one factor at a time to ensure a controlled approach to change.

- Use a collaborative approach for incremental changes. Ensure a clear objective, a set of interim and end-state success metrics, and specific process changes to meet these objectives.

- Create a database available to suppliers, that includes fabrications, trims, silhouettes, and measurements for the core collection.
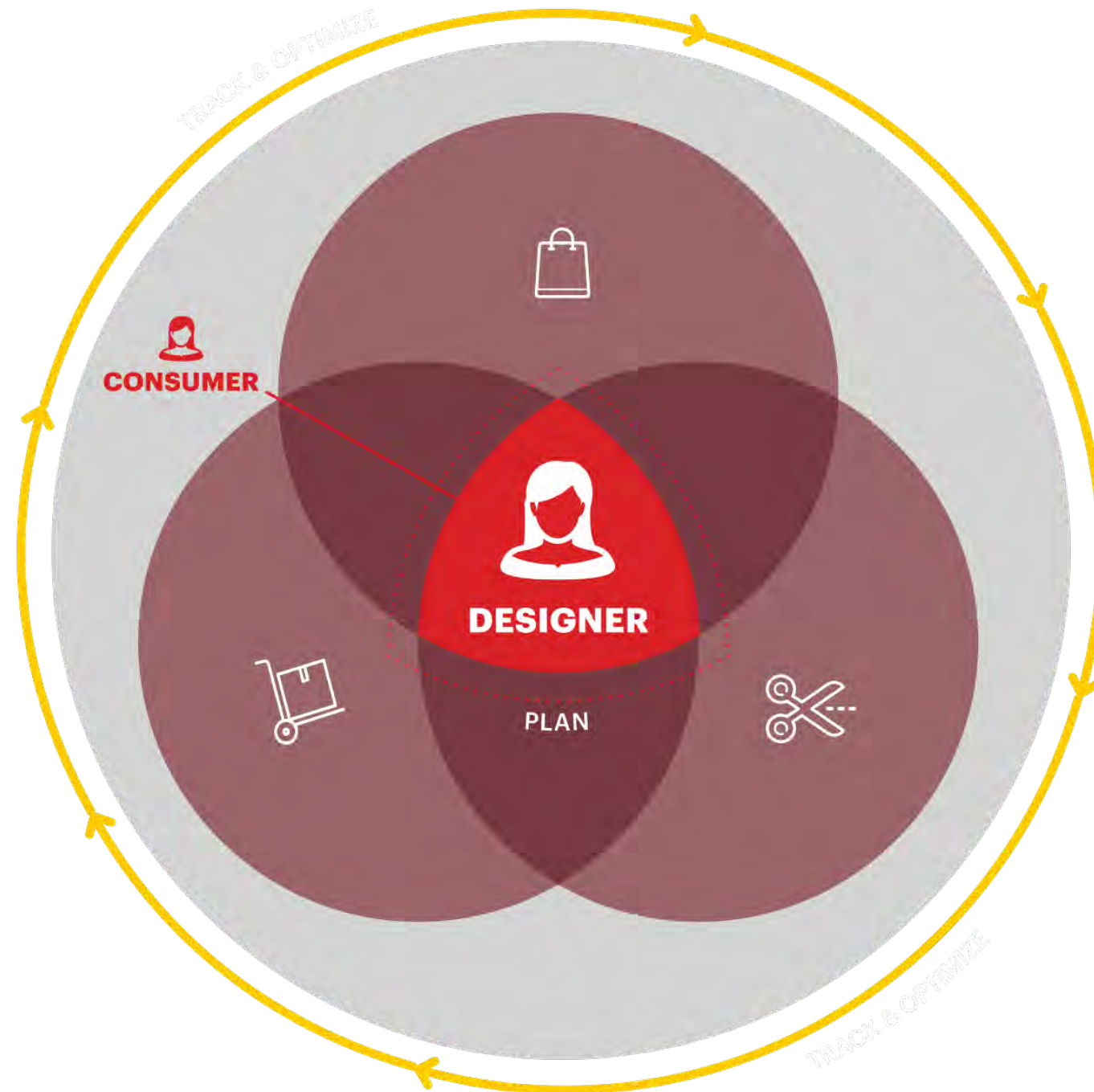
HOW TO MEASURE:

- Accuracy of production batch

- Reduction in amount of dead stock

- Consistencies with suppliers and materials

- Awareness and sales based on core collection

- Increased supplier and consumer loyalty

BRAND OPERATIONS

Incorporate the supply chain as part of **your brand story**.

- Clearly articulate and market brand attributes and associated supply chain implications.

- Position your supply chain as a marketing tool.

- Educate consumers on how your supply chain is a differentiator (e.g., local sourcing, Made in America, sustainability).

- Engage in a dialog with consumers about the company's supply chain operations.

- Tell the brand's supply chain story through multimedia (e.g., photos, videos, social media).

- Find partners willing to learn and evolve with your brand needs. Develop modules for easy learning.

- Prioritize transparency of supply chain operations for both the consumer and yourself through real- or near real-time data collection.

HOW TO MEASURE:

- Increased brand awareness

- Increased reach and engagement in social media

- Increased consumer satisfaction

- Increased consumer loyalty
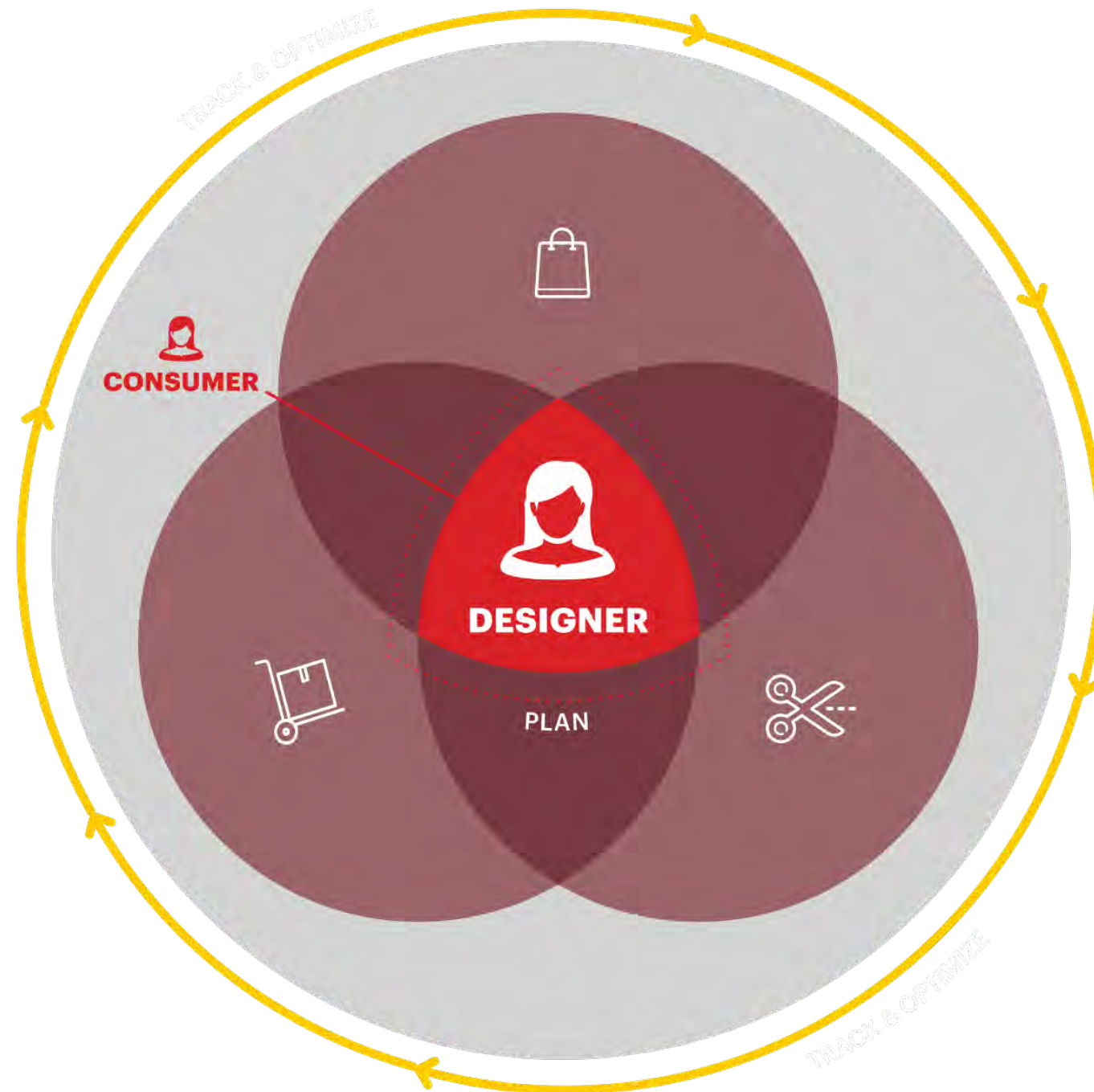
ACTIONABLE INFORMATION OVERVIEW

Information feedback loops across the process create dynamic relationships between suppliers, designers, and consumers. Collecting and incorporating feedback into the process will enable operational improvements.

- Use data at every step to allow for more proactive and iterative decision-making.

- Focus on collection points of consumer data to improve the experience and business process.

- Look both within fashion industry as well as in parallel or external industries for emerging trends and consumer behaviors.

- Use a shared production platform to centralize communications and standardize the operations approach.

ACTIONABLE INFORMATION

Use data at every step to allow for more **proactive and iterative decision-making**.

- Prioritize key insights to capture, which improve the process and achieve goals (e.g., if prioritizing sustainability, focus on collecting data about fabric waste, carbon footprint, and dead stock).

- Work with partners, including retailers and express shipping providers, to understand available data (past, real-time, and future-looking) and best methods for sharing insights easily prior to implementation.

- Prioritize real-time data as a key step in the process.

- Determine most effective real-time data integration approach.

- Engage analytics partners to help formalize the data intake process and platform.

- Work with suppliers to understand quality improvement processes to assess their culture of continuous improvement (e.g., Define, Measure, Analyze, Improve, Control (DMAIC), Gemba).
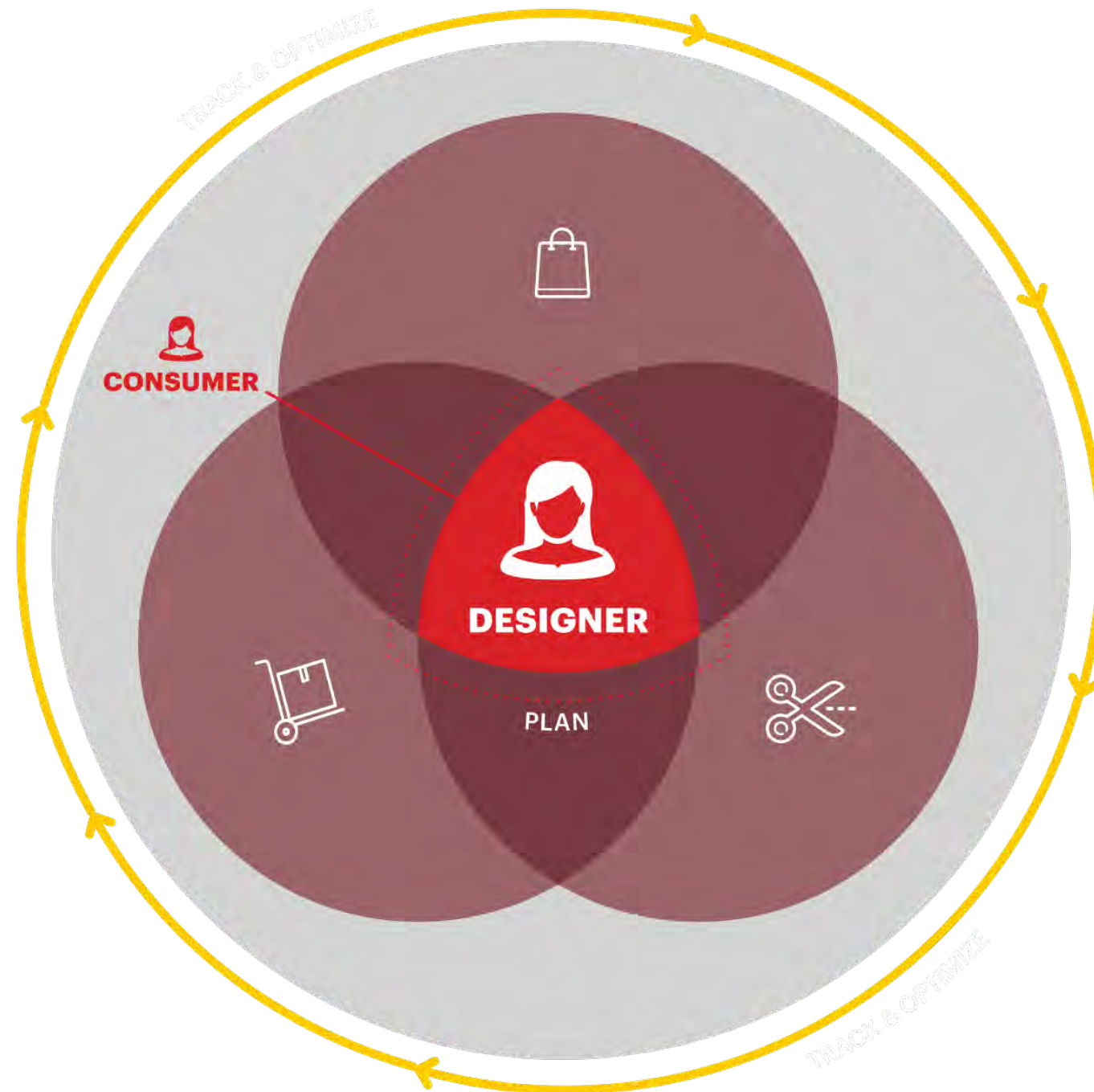
HOW TO MEASURE:

- Reduced "unforced" errors

- Increased accuracy of production planning

- Increased engagement and sales

ACTIONABLE INFORMATION

Focus on **collection points** of consumer data to improve the experience and business process.

WHAT TO DO:

- Schedule regular meetings with retailers to track and understand inventory and receive informal consumer feedback.

- Request qualitative data to complement the quantitative batch data received.

- Spend time with sales associates to train them and better understand issues and needs of consumer.

- Train sales associates on the key information to solicit from consumers.

- Develop customer service capability to address consumer feedback across interaction points, including social media and direct-to-consumer and e-commerce channels.

- Create feedback loop from customer service to design and planning to ensure consumer input is incorporated into future seasons and collections.
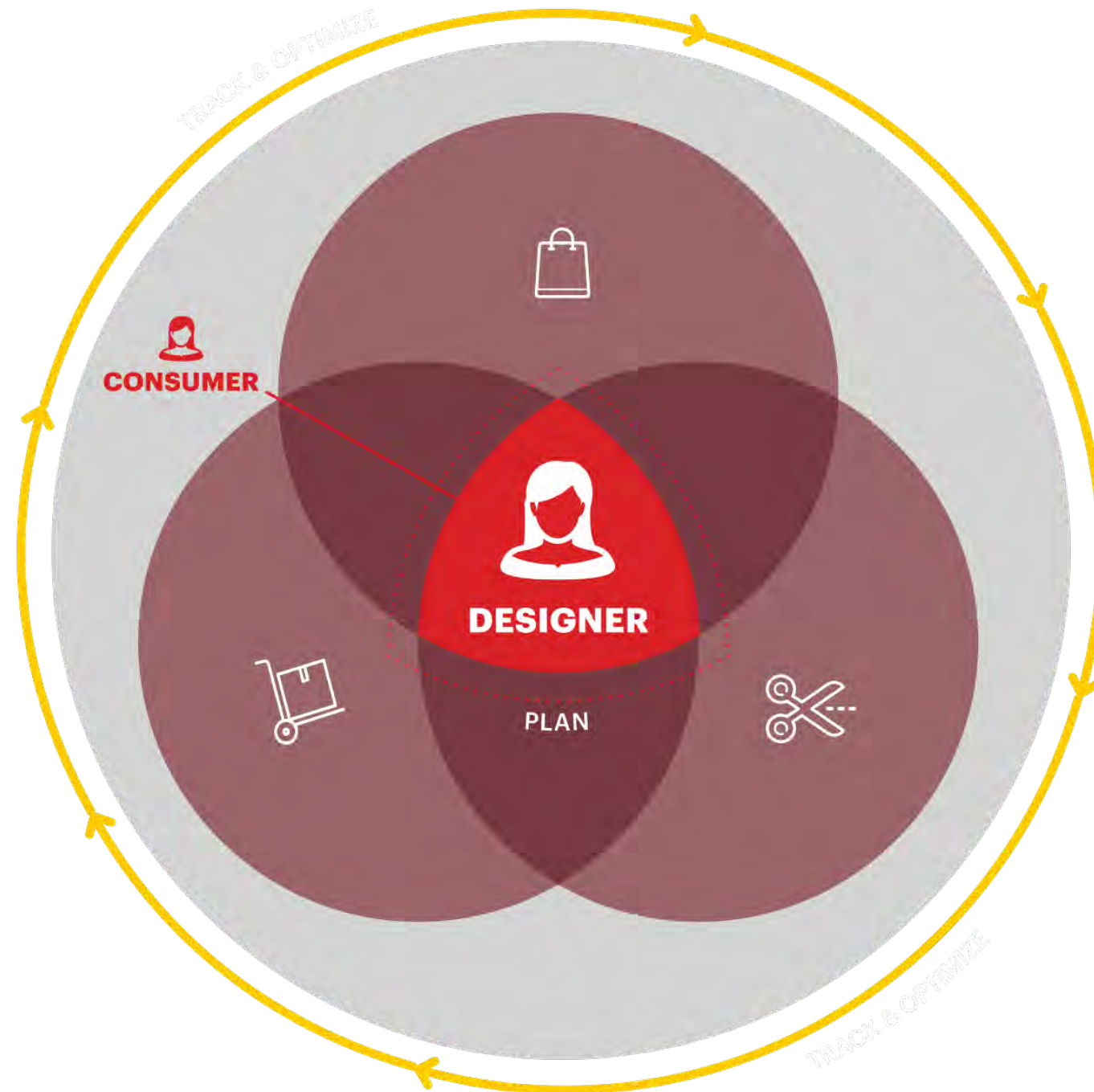
HOW TO MEASURE:

- Reduced "unforced" errors

- Increased accuracy of production planning

- Increased engagement and sales

ACTIONABLE INFORMATION

Look both within fashion industry as well as in parallel or external industries for **emerging trends and consumer behaviors**.

WHAT TO DO:

- Keep track of industry events and resources that focus on emerging trends.

- Experiment with emerging technologies and decide how they apply to your business.

- Hold active listening sessions with consumers and partners to understand emerging trends and opportunities.

- Discover applications and services your consumers use outside of fashion that may be relevant. Leading applications and services change consumer expectations across industries.
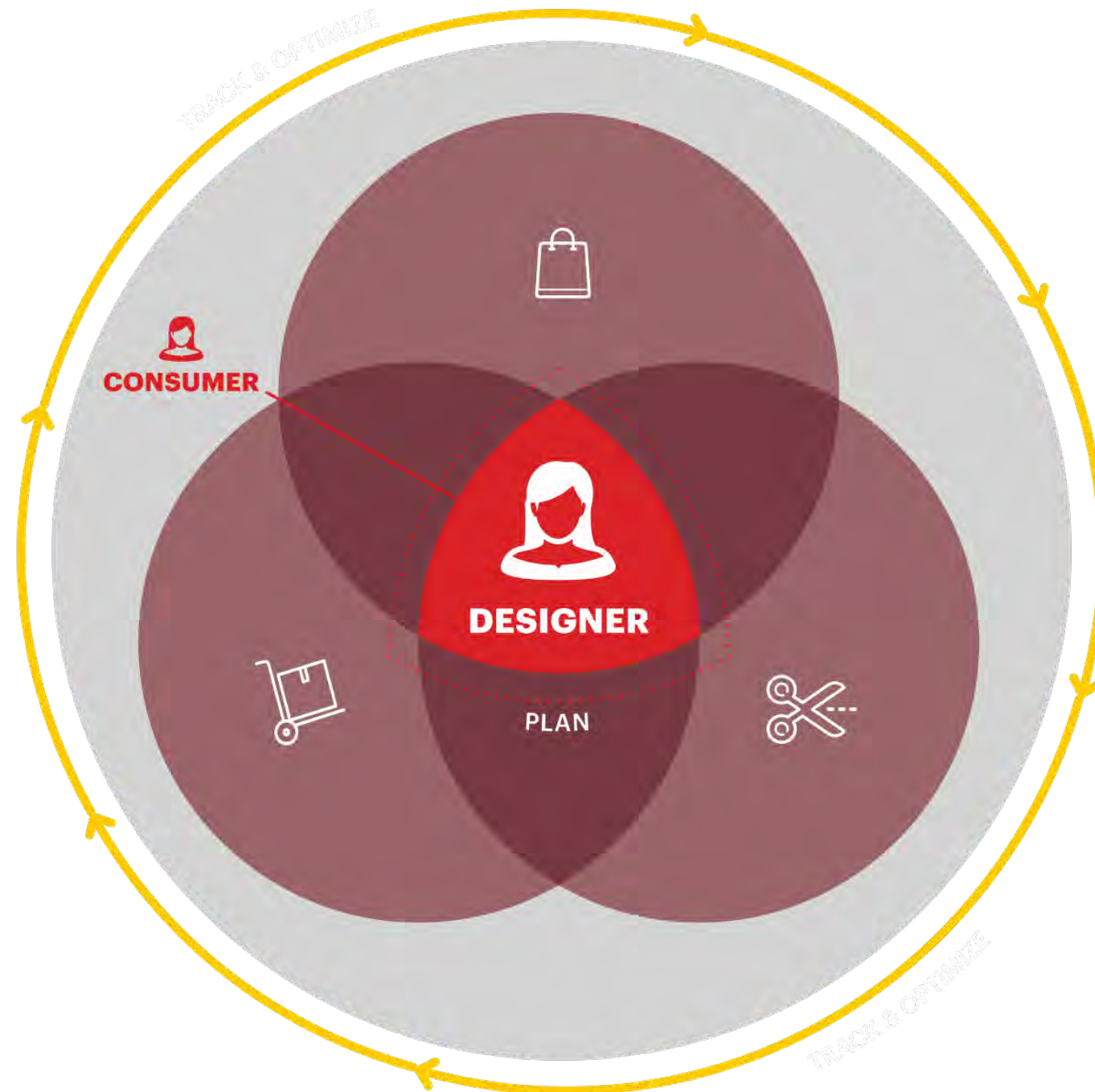
HOW TO MEASURE:

- Increased connections within industry

- Increased use of trend data

ACTIONABLE INFORMATION

Use a **shared production platform** to centralize communications and standardize the operations approach.

WHAT TO DO:

- Establish clear timelines and formal communication channels across partners.

- Provide incentives to adhere to established communications plan.

- Have the entire partner team use the same platform for at least parts of the process. Using the same platform will support alignment.

- Understand potential efficiencies through cross-collaborative approach to identify cost reduction or bulk opportunities (e.g., map production cycles to off-season availabilities of factory capacity).

- Ensure your production plan is informed by data from previous seasons' sales and consumer feedback.

- Build-in time up front for iterations during the implementation phase; consider as part of plan and overall production calendar.

HOW TO MEASURE:

- Adherence to communication standards

- Increased accuracy of planning

- Alignment across team

- Delivery on-time and on-budget

RESOURCE GUIDE

THE HUMAN-CENTERED SUPPLY CHAIN RESOURCE GUIDE

FASHION INCUBATORS
- Brooklyn Fashion + Design Accelerator (BF+DA): hub for ethical fashion and design that provides designers resources to transform ideas into successful businesses, including educational programs and events, and small-batch manufacturing.
- Chicago Fashion Incubator
- Maker's Row: company and software connecting designers with manufacturers based on their specific requirements, providing education for both factories and designers to work together more effectively.
- Philadelphia Fashion Incubator
- Seattle Fashion Incubator

FINANCING & VENTURE CAPITAL FIRMS
- Fashion Capital Partners
- Kickstarter: Test and launch new concepts via crowdfunding
- LDR Ventures
- NYC Fashion Production Fund

ANALYTICS
- 42 Technologies
- dscout: Get insights into consumers' lives. dscout's mobile research platform collects and analyzes video, image, text, and survey feedback
- Google Analytics: In-depth analytics and channel attribution for sales

PODCASTS
- American Fashion Podcast: Interviews and commentary focused on the future of the fashion world in terms of business models, ethics, fashion media or the industry's impact on the environment
- Pop Fashion Podcast: Fashion news, trends, business, and conversations for creative types.
- Vogue Podcast: Focused on hot topics within fashion industry, includes interviews of celebrities and fashion designers alike.

TRADE SHOWS
- Capsule
- Coeur
- Coterie
- Edit
- Magic
- NY Now
- Pool
- Premiere Vision
- Project
- TEXWorld USA
- UBM

THE HUMAN-CENTERED SUPPLY CHAIN RESOURCE GUIDE

INVENTORY MANAGEMENT & FULFILLMENT
- **Fulfillrite**: Multichannel order fulfillment system integrated with e-commerce solutions
- **Fuse Inventory**: Software solution for industry management to increase accuracy and efficiency of planning process, allowing designers and retailers to focus on their business rather than their inventory.
- **SKULabs**: Multichannel inventory, barcode and shipping solutions.
- **StitchLabs**: Online inventory control solution for retail and wholesale that simplifies multichannel retail business by automatically syncing inventory, orders and sales across channels, which provides retailers a holistic understanding of their operations.

ONLINE OPERATIONS
- **Hootsuite:** Online platform to manage all social media marketing in a single dashboard
- **Mailchimp**: Email marketing and campaign manager.
- **Shake Law**: legal document creation and digital signature
- **Xero**: Online accounting for small business.

FREELANCE RESOURCES
- **Omnifocus**: Digital contextual personal assistant
- **Upwork**: Get freelancers e.g. marketing, back office workers, copywriter, accountant
- **Zirtual**: Virtual personal assistants.

E-COMMERCE:
- **Shopify**: E-commerce and Point of Sale (POS) platform

COMMON PLATFORMS
- **Basecamp**: Organizes communication, projects, and partner work together to establish a central source of truth.
- **Google Calendar**: Online, free calendar that can be shared with and maintained by multiple collaborators
- **Google Drive**: Online, free document creation and management system
- **Trello**: Easy, free, flexible, and visual software to manage projects and organize teams

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