

# 2019 PRODUCTION EFFICIENCY SURVEY REPORT

How the industry is addressing the challenges to productivity, the issues threatening quality, and the changing dynamics between factories and brands.

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## EXECUTIVE SUMMARY

Every facet of the apparel and footwear industries are feeling the pinch. Timelines, budgets and resources are shorter, smaller and harder to obtain. At the same time, expectations continue to rise.

The internet has put production and fulfillment on fast-forward, relegating lightening-fast speed-to-market to table stakes. Meanwhile, the margin of error for product defects has evaporated thanks to an increasing number of products heading straight from the factory to consumers' homes.

And all of this is happening against a backdrop of political turmoil that has global supply chains in flux and endangered.

This do-more-with-less mandate has made efficiency the new watchword for both industries, putting all processes under the microscope. And the closer companies look, the more areas they find in need of improvement.

This report highlights:

- Macro trends necessitating greater efficiency
- Areas that have yet to be reformed
- Simple fixes that could have huge impacts
- The role every member of the supply chain plays in productivity and quality

The report incorporates findings from an industry-wide survey as well as additional context from experts, providing insights from the perspective of importers, patternmakers, brands and factories.

From the wide array of responses, it's clear that productivity challenges begin long before production orders are placed. A large portion of respondents identified issues during product development, as well as either a lack of communication or miscommunication as areas that undermine production runs. One

insider noted brands and retailers have a "major role in providing [factories with] timely info," while another recognized that their company "should have a big role in analyzing their own initiatives first and treating factory partners like actual partners." There was also a call to "streamline tech packs and communication," which could reduce "errors due to incorrect or incomplete technical specifications."

Additional challenges arise from demands that exceed the capabilities of traditional supply chains. As one survey participant stated: "Small orders, quick turnover time frame, tight delivery schedule [and] unexpected changes in planning" are major hurdles. Finally, respondents noted the problems that arise related to the varying degrees to which stakeholders embrace technology, with one pointing out that "getting overseas factories to change with the times is always a challenge."

Ultimately these problems coupled with on-time delivery pressures often result in a range of quality issues, which, of course, further hampers efficiency.

While there wasn't a consensus on a solution, many of the proposed ideas centered around:

- Better training
- Higher wages
- More consistent brand and retailer presence in factories
- A more collaborative factory-client relationship

From the survey responses, it's clear that a closer working relationship between brands and retailers would have a huge positive impact. According to one respondent, "More on-site visits, [and] collaboration between design and the factory partners to find better, more efficient, lower cost ways to build product" is what's needed to transform workflows. Meanwhile, others noted the need for more

worker training, which puts more responsibility on retailers and brands, but one respondent said offering this assistance could have far-reaching benefits. "By being demanding on specifications and end product quality, you train the workers to get better for all of their clients, not just your own business," they said.

No matter which tact a company opts to take, the reality is that addressing problems related to efficiency is even more challenging as geopolitical concerns loom over every sourcing decision. Further, the ongoing tariff escalation between the U.S. and China means brands and retailers are increasingly working in new countries with factories with which they're not familiar. The result is uncertainty in skill sets, capacities, lead times and quality—all of which calls for supply chain partners to work even more collaboratively.

## EFFICIENCY CHALLENGES

The good news is 57 percent of those polled believe their supply chains are more efficient today than they were five years ago. For 28 percent, however, things have been stagnant or, in some cases, moving in the wrong direction.

And even for those on the upswing, there's room for improvement.

The primary areas respondents focused on were delays due to the product development phase, the industry's inability to deal with the size and frequency of orders today, and the need for technology to improve communications.

Other concerns like timely access to raw materials, silos within the organization and cultural barriers also received multiple mentions.

### Planning

One respondent on the factory side put the blame for efficiency issues squarely on their clients. "We would be more efficient if our clients changed how they would respond, especially the retailers. We have to wait for information and they need to plan and make decisions quicker," they said.

Another survey participant admitted that "poor planning during the development stage" hampers their ability to work more efficiently with their factories.

Ultimately, there seems to be enough blame to go around.

Another person who was polled spoke for many when they said "both sides" contribute to the problem by "not respecting the timeline and agreed upon [time and action calendar]."

## Supply Chain Efficiency

The progress made over the last five years.



- Much more efficient
- More efficient
- Equally efficient
- Less efficient

“

**Our biggest challenges are style change-overs; more complex styling by designers in trying to wow the consumer; and not the best pre-production product engineering and productivity planning.**

”

**Planning Cont.**

Peter Wai Chan, production management chair at the Fashion Institute of Technology, said it's impossible for factories to be efficient when they're not receiving what they need to do their job. And he should know: Chan is also co-founder of Sunrise Studio Inc., a high-end sample and production factory in New York.

"If our clients can provide us all the raw materials on time, all the patterns on time or accurate patterns, we can increase our efficiency. We cannot do anything until we have everything on our table. It's teamwork," he said. "If the client has issues like giving us bad quality fabrics, etc., they will [stall] our production."

For Jahir Ahmed, compliance/QC and global sourcing manager for Philhobar Design, a Canadian importer for brands like Catherine Malandrino,

Nicole Miller and Ike Behar, brands and retailers can, in fact, throw a wrench into their own production processes from the very beginning.

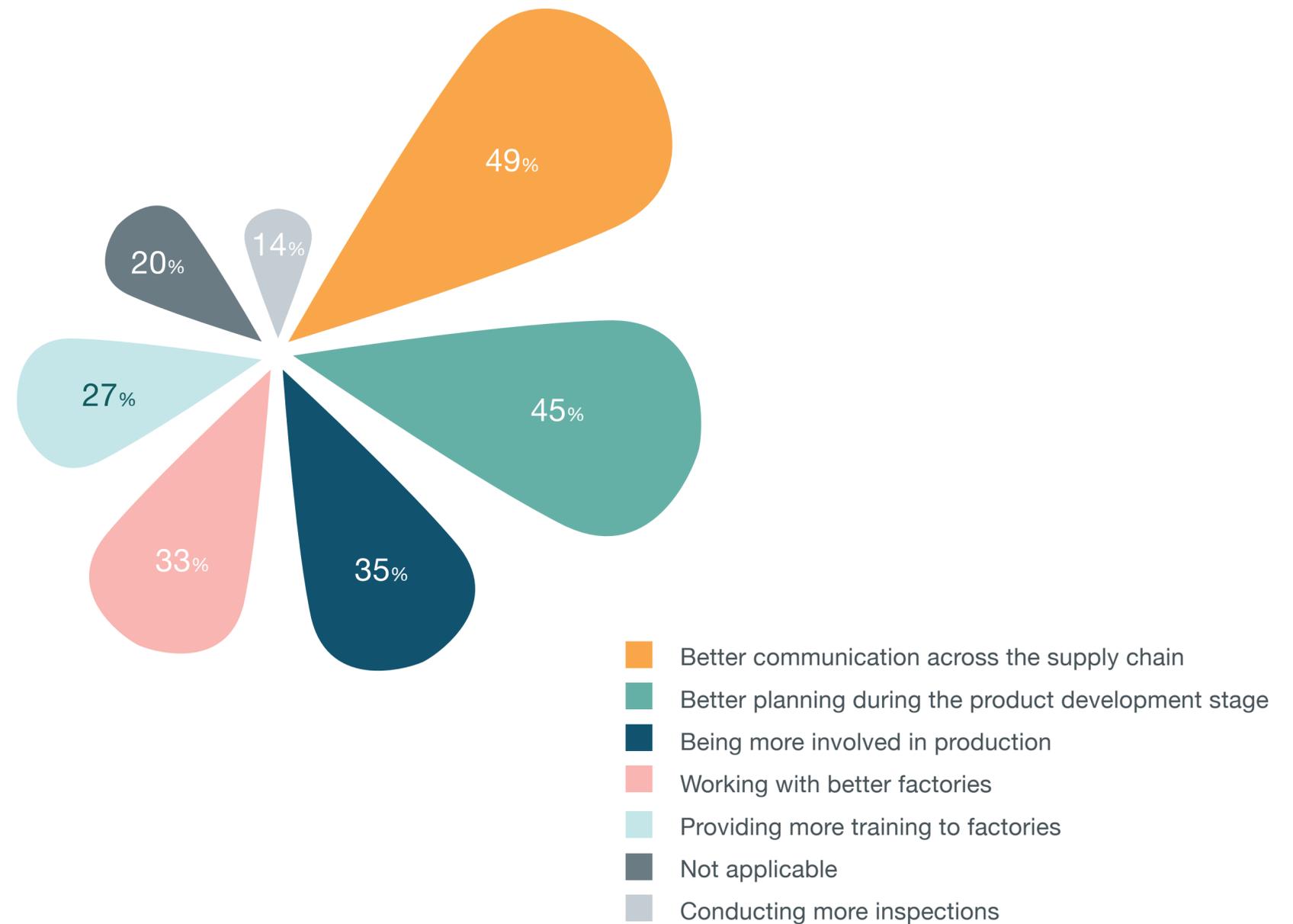
"Brands aren't focused on the beginning assessment," he said. "If I place an order, I have to know if they're capable of handling it."

In other words, if brands and retailers place an order without fully vetting a production facility, there's no way for them to know what types of capacity, skill or compliance issues could crop up down the line. And any of these surprises could lead to missed ship dates, increased remakes and disappointing margins.

For anyone skeptical that better planning at the product development stage could make a significant difference, 45 percent of the industry insiders surveyed credited it with aiding their company in improving efficiency.

**Causes for Improvement**

How the industry was able to make strides toward greater efficiency over the last five years.



### Order Size

Accurate planning is only becoming more difficult as retailers and brands opt for smaller and smaller orders, delivered with greater frequency. One industry insider said their company is getting tripped up due to adherence to “traditional, mass production habits built for high volume, when the market is calling for more unique, frequent intros.” Others also acknowledged that “average PO size decreasing” is taking a toll.

Not only are orders shrinking, but they’re being delayed as well. Rather than race to place production on items that may not be in vogue by the time they hit the racks, brands and retailers are taking more of a wait-and-see approach. Once they’re sure—and only then—they’re requesting quick turns to seize trend opportunities while they’re still hot. That may be smart in theory, but it’s having a negative impact on their supply chain

partners, given that the system is not designed to move that swiftly.

The fickle nature of fashion isn’t the only reason the order cadence has been disrupted.

“Customers wanting to place POs later and later due to [an] unstable environment doesn’t give us adequate lead times for production,” a survey respondent said.

No matter when the goods are placed, retailers and brands expect on-time delivery. But to achieve that, some things can fall through the cracks.

In fact, delivery times taking precedence over quality ranked as the biggest challenge for production for 63 percent of those polled. Forty-five percent placed an inability to solve root causes in their list of top three production issues, and 42 percent said misinterpretation of quality standards ranks right up there.

## Production Challenges

The issues that respondents ranked among their top three challenges during the manufacturing process.

Delivery time prioritized ahead of quality standards



Lack of knowledge of how to solve root causes



Misinterpreted quality standards



Changing standards or requirements



Integrity / corruption



Employee turnover



Shop floor visibility



## Technology

To help cope with a variety of woes caused by uncertainty, order sizes and the demand for speed to market, many in the industry are calling for more widespread implementation of some of the tech tools on the market.

One insider who spoke up simply said “old technology” is the culprit for the issues their company faces. Another survey participant said their business is “depending on email” and is considering migrating to the instant messaging service Slack, with discussions organized by style.

In another case, an individual said they need a “planning system that allows greater visibility so our team and manufacturers have a better line of sight to orders.”

Finally, another said everyone along the supply chain needs to get on the same page. “Using

too many different systems [means] a lot of time needs to be spent re-formatting, and sharing information that teams should already have visibility to,” they said.

Annelene Cura-Penos, director of sourcing and supply chain operations for outdoor apparel brand Royal Robbins, swears by the effectiveness of PLM systems, but she said there’s a caveat: “It works as long as there’s somebody that understands the goal of what you’re trying to achieve: how to use systems, how we can use this platform together with our CRM system and other software that help us with demand planning, and how we want to utilize these tools to ensure that the efficiency is there.”

But no matter what system you implement, the realities of great distances, language differences and cultural barriers will always add a level of difficulty to production, according to Shilo

Byrd, a patternmaker and supply chain consultant with experience in the luxury and contemporary markets. For that reason, she suggests brands keep product development local. While she understands that the first objection will be price, she said companies with that mindset are underestimating how much their overseas process is costing them.

“The fact is the time spent going backwards and forwards on iterations with their factory and having them do the development is often just as resource consumptive as working with a domestic product developer,” she said, adding that onshoring these tasks alone could solve a host of timeline and quality problems.

## Top reasons companies repeatedly face quality issues:

- Factory lack of training
- Factory lack of continuous improvement mindset
- Measurement deviations
- Fabric quality and color dye lot inconsistencies
- Maintaining the color standard from sample to production
- Time constraints due to short lead time orders

## QUALITY CONTROL

Defects are a leading cause for inefficiency in the supply chain. Both remakes and rejects devour time and resources—and sap profits.

Quality issues ranging from “novelty wash variance in bulk” and “measurement deviation” to “fabric defects” and “mis-tagging” plague the industry.

Though the vast majority of respondents (99 percent) indicated that their companies are at least somewhat capable of resolving quality issues as they arise, that begs the question: How can apparel firms reduce the number of problems overall?

One insider pointed to “rushed production due to late changes in response to current market conditions” as one cause for quality issues. Another said they see “simple mistakes not addressed in the initial stages of production” as the main issue for their company.

Multiple respondents noted a lack of clear communication as a root cause. One said factories “understanding quality standards/proper techniques around finishing/setting products” is a problem.

Some of those polled recognized that brands and retailers share responsibility in this area. One commented, “We should definitely make sure our internal communication and expectations are solid in order to give our factory partners all the information they need to meet our needs and deliverables.”

To curtail issues before they start, Cura-Penos puts a premium on transparency.

“It’s really about how you manage your account, how you onboard them and how you set expectations,” she said.

When Cura-Penos started with Royal Robbins just over

a year ago, her first priority was creating clear lines of communication with her factories—many of which were new to the company as well, as the brand responded to the China tariffs by shifting much of its production to Vietnam.

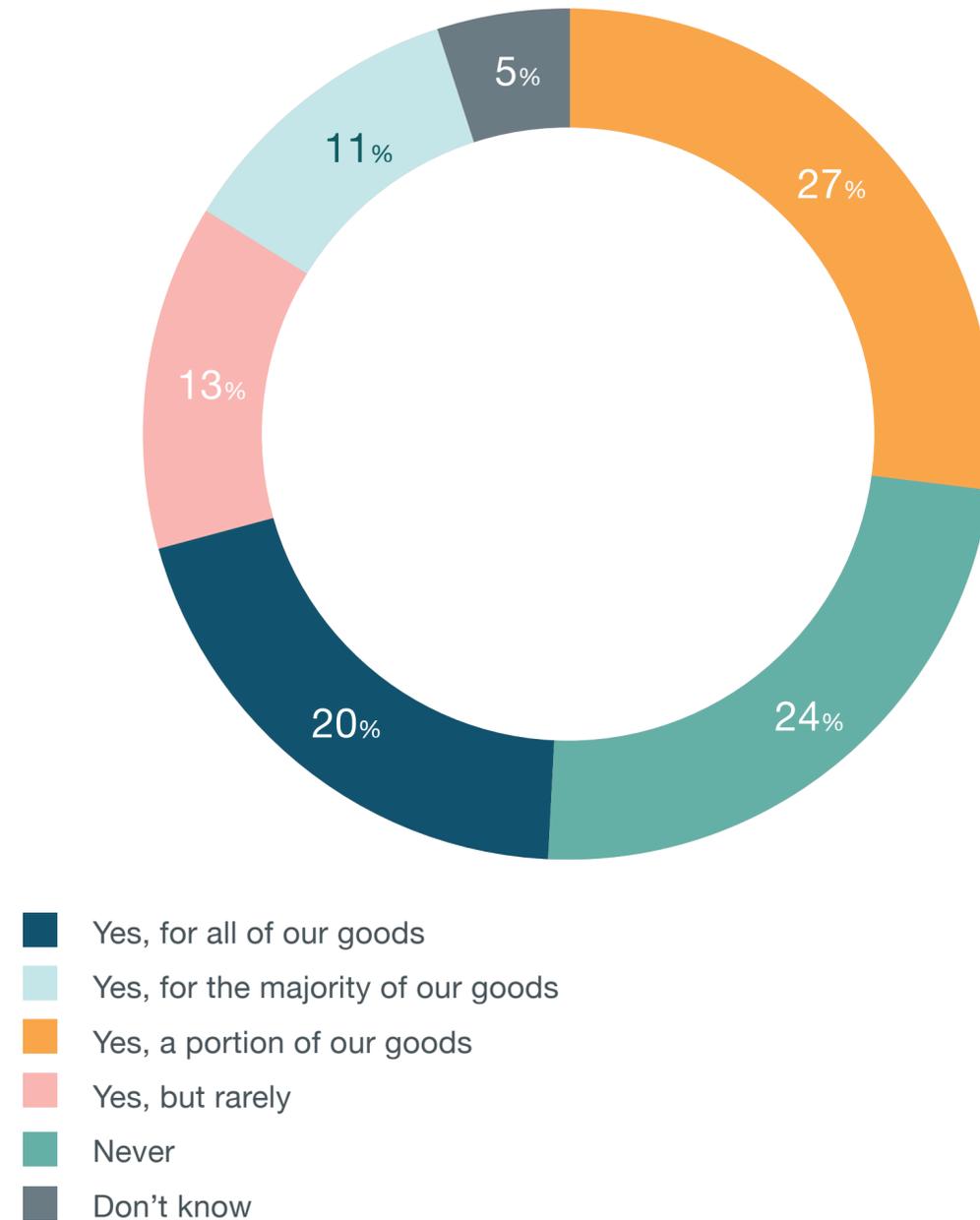
“I feel like my most successful partnerships with [factories] were when we were very transparent. When we would have a plan that could probably expand to three years, not just an immediate plan, and when we would share our company’s vision and some of our initiatives for the next three to five years—and where we see them in that plan,” she said.

She also said it’s important to listen and learn what the factory has in store. For instance, if your production facility has plans to open a new location, that comes with both opportunity and risk, she said.

Similarly, Chan starts off

## U.S.-based Quality Control

The frequency with which companies conduct final quality checks in the U.S.



71%

companies that perform at least some final quality control in the U.S.

## QUALITY CONTROL CONT.

with each new client with initial meetings during which expectations are put on the table. From there, his team does their due diligence and researches the brand's price point and the quality its competitors offer. "We use that as a benchmark to produce something similar to what they're looking for," he said.

For companies that do their best to create clear expectations from the start but end up disappointed, Byrd said there's probably one culprit.

"Right now we have this monolithic, nonspecific, vague beast called the tech pack," she said. And she's seen throughout her career how woefully inadequate it is. Short of U.S. companies being more intentional about hiring multilingual employees with knowledge of a variety of cultures, she said brands

need to start providing better guidelines for what the finished product must look like. "The fact of the matter is the most successful brands in production are the brands that send an exact sew-by sample," Byrd said. "They're not expecting China or Bangladesh or India to figure out what they mean by their sketch and their specs."

Byrd said this is "the easiest way in the world to get good product."

Chan agreed that with a sew-by sample, "we usually do not have any issues."

## SHARED RESPONSIBILITY

While the challenges plaguing production are clear, what's less apparent is the degree to which brands and retailers should be expected to support the factories with which they work.

From the perspective of one respondent, the expectation is for factories to handle their own issues. When asked what role their company should play, they said: "None. I chose them for their capabilities."

On the other end of the spectrum, another feels brands and retailers should have "complete authority."

All other responses fell somewhere in the middle, with the consensus being that the better a factory operates, the better business is all around. One summed it up saying their company should have "an active role because the better our factories are, the better our service."

A few did caution that there's a limit to how much partners further down the supply chain can do.

"We should be involved to a certain point. But at the end of the day, factories are third party; they are not our business," one said. Feedback from another individual indicated that it can be hard for brands and retailers to play a role. "In my experience, the factories are not interested in this type of 'outside' support, generally."

Thirty-five percent of those surveyed said becoming more involved in the production process has resulted in better efficiency. And 27 percent said providing training at the factory level has made a difference. Interestingly, only 14 percent said more inspections helped move the needle.

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**Companies need to align strategies and desired outcomes for the mid- and long-term.**

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### Wages

When determining what downstream partners should do, the first step, according to some, is to be realistic.

“Improving wages of workers” is the main way to improve quality and efficiency, one respondent said. Another echoed that sentiment, saying, “I think [brand partners] should pay factory workers higher and demand better quality.”

The message? You can’t expect perfection when you’re paying pennies, Ahmed said.

“If I’m asking for compliance, I’m asking for a total of quality, but I’m not paying them; they cannot really keep up with my requirements,” he said. “Let’s say [retailers are] buying a T-shirt for \$3. They shouldn’t sell this for \$29. The manufacturer should get a little more money.”

But instead of making more,

factories today are often being squeezed on each order, even as expectations around productivity and quality continue to rise.

“Price is going lower each day for the manufacturer, so there’s a challenge to maintain the quality that brands require, to improve the facility or in general infrastructure,” he said, adding rather than pitching in, brands are digging in. “The brands are not really helping but blaming them.”

And, in fact, some respondents pointed to “unskilled people doing the job of skilled people” as a threat to producing top quality. Another noted “a refusal to institute a long-term fix in lieu of simply a Band-Aid. In many cases, it involves additional skill training or perhaps capital investment in new equipment.”

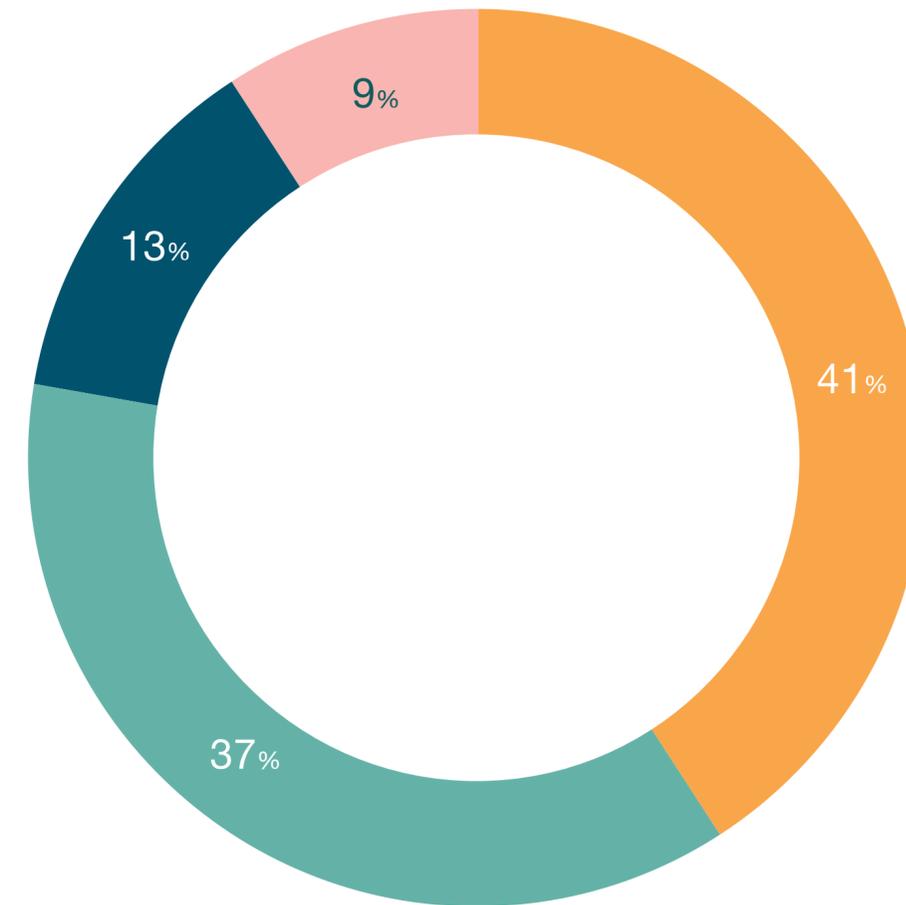
Training and investment in workers are two ways the industry could mitigate churn,

which can contribute to efficiency and quality issues.

Half of survey respondents said worker turnover is a challenge for their organization, while the other half have no problems in this area or are unsure how it might be affecting their businesses. Only 16 percent of respondents ranked employee turnover as one of their top three production challenges.

## Factory Worker Turnover

The degree to which worker turnover in supplier factories poses a problem for the rest of the supply chain.



- It is a major challenge
- It is a challenge
- It is not a challenge
- Don't know

50%

the proportion of the industry that finds worker turnover challenging

## Training

For Chan, quality and compensation go hand in hand. “If we could afford to pay higher wages, we can recruit better sewers,” he said. While he said Sunrise Studio is able to pay a bit more, the next challenge is finding skilled workers, especially since they’re based in the U.S.

“The younger generation, a lot of them, they are not willing to come into the industry. So, we are encountering big issues right now with the shortage of skilled workers,” said Chan.

Chan is particularly concerned with tailoring skills and the ability to work with soft eveningwear fabrics, which he said are diminishing. “For sportswear, you can give some training, and they can pick it up quickly and they can be very efficient, but for delicate fabric like chiffon and charmeuse, the sewing skills have to be really

good in order to handle them,” he said.

As the survey revealed, training can make a difference in productivity.

Several respondents recognized their company’s role in the continuous improvement of its workers and operations, noting their companies should provide the following in this area: “employee incentives and operating training,” “more training, better follow up” and “follow up closely and [in a] timely manner; train and guide factory on a regular basis; get receipt that they understand all our requirements.”

Unfortunately, not enough of this is happening, at least not from Ahmed’s perspective. “From what I see, not much is going on. Everything is on the factory themselves. They have to put the effort into upgrading the quality standard and other

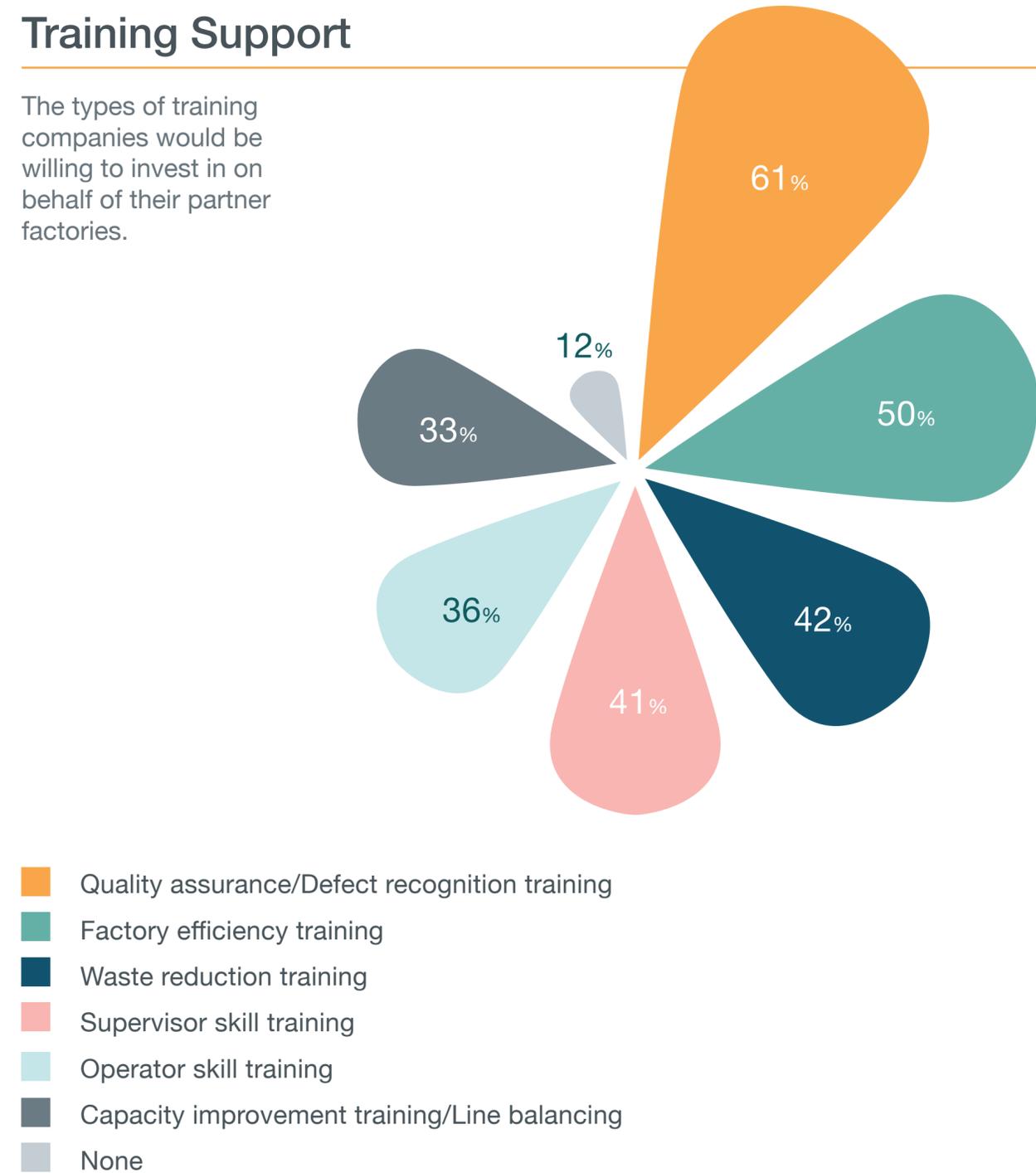
areas,” he said. “To upgrade the standard, brands need to sit there and train them on quality and compliance, production and capacity. Online courses aren’t realistic for manufacturers. You really need to be there and talk to them as a partner in order to improve.”

To bridge the gap, Philhobar Design regularly assesses the needs of its factory partners and provides training in areas like quality control and compliance. Ahmed said the importer doesn’t get support from its retail partners; his company absorbs the expense.

Those in the survey who are open to providing educational support noted the areas they’re most likely to focus on are quality assurance and defect recognition (61 percent) as well as factory efficiency (50 percent). Waste reduction and supervisor skill training made the list for 42 percent and 41 percent, respectively.

## Training Support

The types of training companies would be willing to invest in on behalf of their partner factories.



### Factory Oversight

Fewer factory visits due to “reduced or eliminated” travel budgets are compounding the challenges one company already faces thanks to poor planning during product development, one participant stated.

And less face time correlates to more risk, according to Byrd.

“It’s in the best interest of the brand to have as many feet in the factory as they possibly can,” she said, listing off a litany of problems that could be avoided or easily resolved if the brand or retailer is on the premises. “I think it’s critical. I understand that it’s not always practical, and it’s definitely not always done.”

Byrd said being present keeps your company top of mind for factory managers, meaning your goods are less likely to get bumped in favor of another client. Further, remakes and

factory seconds should be less of an problem because fit and quality issues have a better chance of being caught at the top of production. Brands and retailers are also less likely to face what Byrd referred to as the “wild card” in production.

“Subcontracting is rampant,” she said. The reason, of course, is that factories are generally unwilling to say no to work, and if they’re over capacity, they may turn to subcontracting. “And that is where the really questionable business practices, labor practices and levels of training and workers’ safety really come into question.”

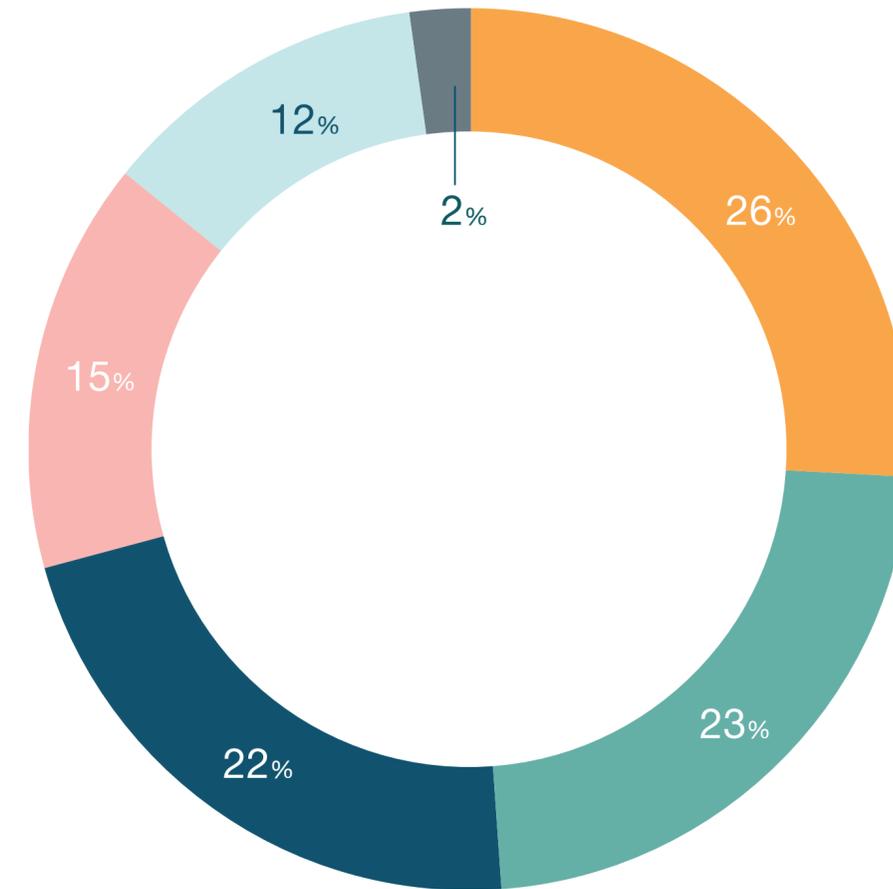
If the brand has a presence in the factory, they can help determine if the run is subcontracted and whether the chosen factory meets their standards, Byrd said.

Almost half (48 percent) of those polled reported their

companies are in their factories at least weekly. Just under a quarter (23 percent) said they make quarterly or seasonal visits, while 15 percent have no regular schedule.

## Factory Presence

The frequency with which brands and retailers report visiting their production facilities.



- Daily
- Weekly
- Monthly
- Quarterly/Once per season
- We do not visit our factories regularly
- Don't know

“

**My company should offer more on-site visits, [and we need] collaboration between design and the factory partners to find better, more efficient, lower cost ways to build product.**

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## Relationships

Half of the survey respondents consider 75 percent or more of their factory relationships to be strategic as opposed to tactical or transactional.

In the industry today, the term partnership is used quite frequently to describe the relationship between brands and retailers and their production partners. However, factory owners would not always agree with this characterization. It's possible that the discrepancy speaks to the differences in how each side defines the term.

When discussing the ways in which brands and retailers should interact with manufacturers, several commenters were of the same mind, saying, "It is a mutual partnership between the two entities." Also: "I think they should form a partnership, in the

sense that feedback flows freely and recommendations are taken seriously." "It is my responsibility to ensure that my factories are always improving and are the most expert in my genre and specialty," another said.

How these viewpoints translate to time and money commitments is unclear.

Factories are expected to not only maintain their facilities but also continuously upgrade them, onboarding new sustainable processes and cutting-edge technologies at a rapid clip. Since these enhancements have tangible benefits for the whole supply chain, the question becomes should manufacturers bear the expense alone?

"I think that it really just depends on the level to which economic survival of a factory is dependent on a particular client," Byrd said. "If you

have a factory that has an anchor client, that's just like an industry behemoth like an H&M, a Primark or whatever, absolutely that factory should negotiate in their contract with that company that they have to provide them with [fashion technology] like Gerber AccuMark or plotters."

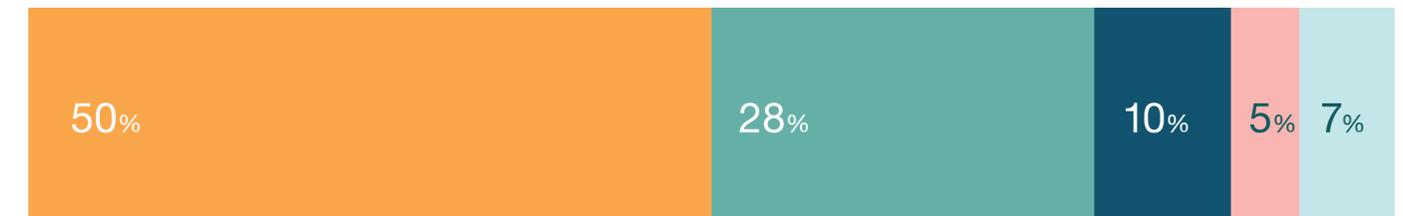
Cura-Penos agreed that every company, and every company's relationship with its factories, is different.

"It's situational. It depends on where the company's initiatives are. I don't necessarily think that it's always top of mind for all companies," she said. "I'm fortunate I'm working for a company that's all about sustainable partnerships. It does involve being able to give them some advice and some tools, and even, in some cases, help funding where we need to."

## Factory Relationships

The proportion of their factories that companies consider to be strategic (long-term, consistent partners) versus merely tactical/transactional (based on specific product needs or to augment their regular production).

### Strategic



### Tactical/Transactional



- 75% or more factories
- 50% to 74% factories
- 25% to 49% factories
- Up to 24% factories
- Not Applicable

## DIVERSIFICATION IMPACT

While production can be thorny to navigate in the best of circumstances, the prolonged trade war between the U.S. and China has added yet another pain point. After China has spent decades honing its skills and creating an environment in which it's easy for Western companies to work, it's now seeing a mass exodus as former partners are fleeing in search of financial relief.

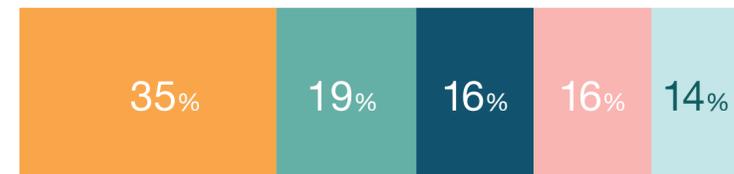
One respondent characterized the impact as "scrambling to adjust to moving-target tariffs." One result, another said, is that brands need to "source a broader supply chain base," making it that much more difficult to have face time in the facilities.

Three years ago, just over a third (35 percent) of survey respondents placed more than three-quarters of their

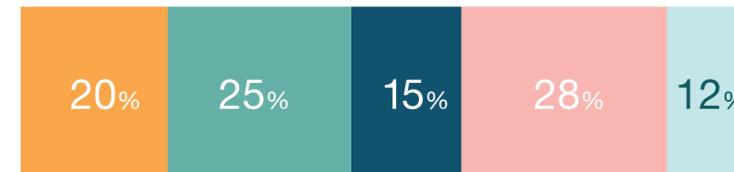
## Reliance on China

The amount of production done in China today compared to three years ago, along with a projection for the landscape three years from now.

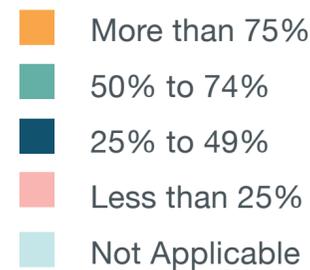
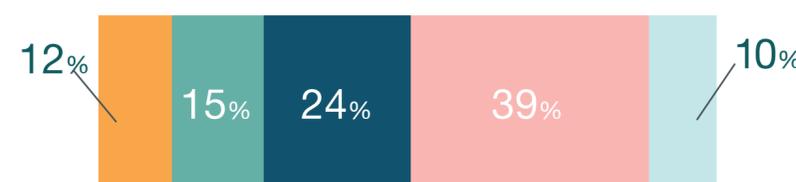
3 Years Ago



Today

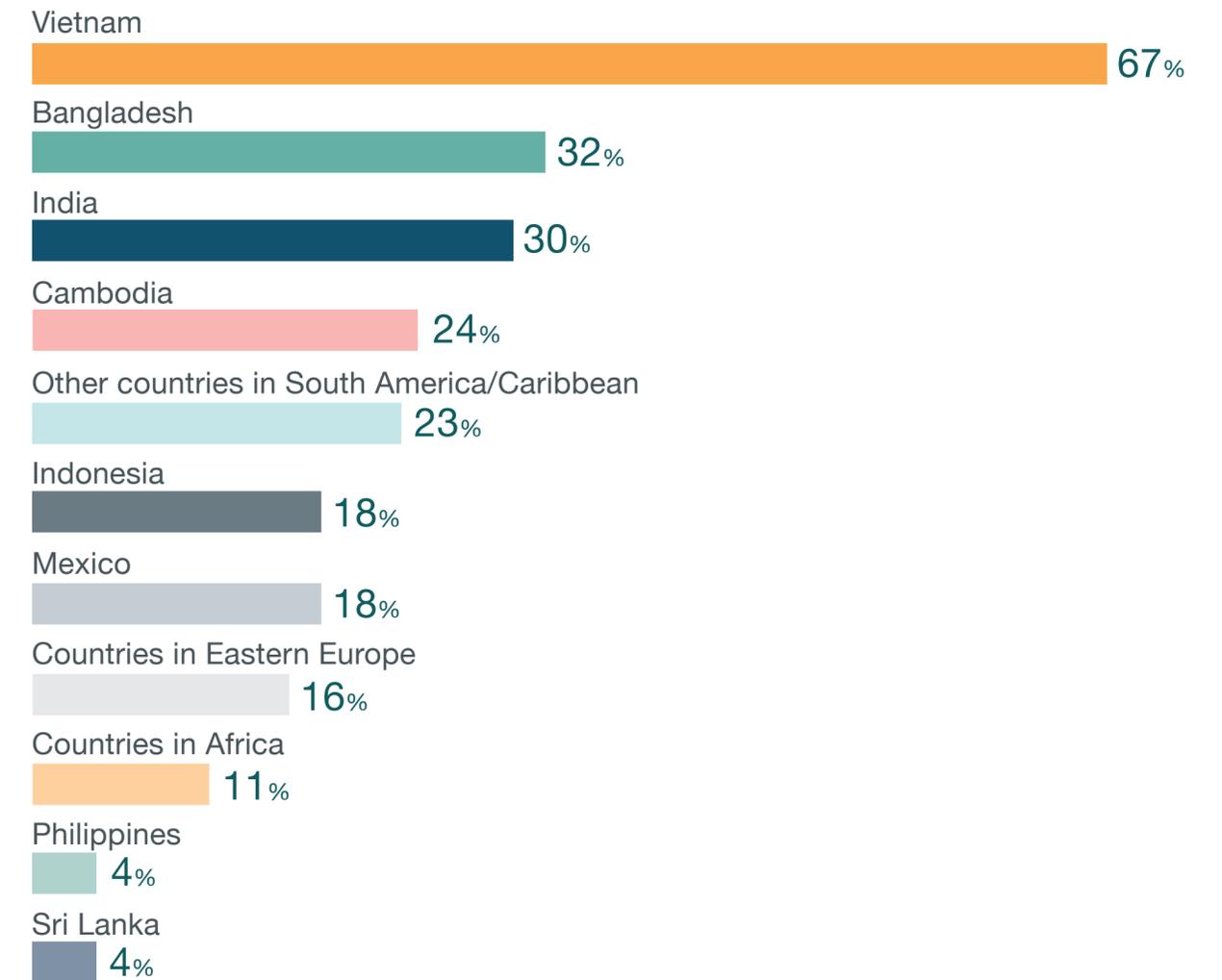


3 Years from Now



## Production Diversification

Beyond China, the countries of most significance today.



## DIVERSIFICATION IMPACT CONT.

production in China. Today, only 20 percent are committed on that scale. And in three years, it's projected that only 12 percent of companies represented in the poll will have that much production there.

In three years, 39 percent expect to have less than a quarter of their production in China.

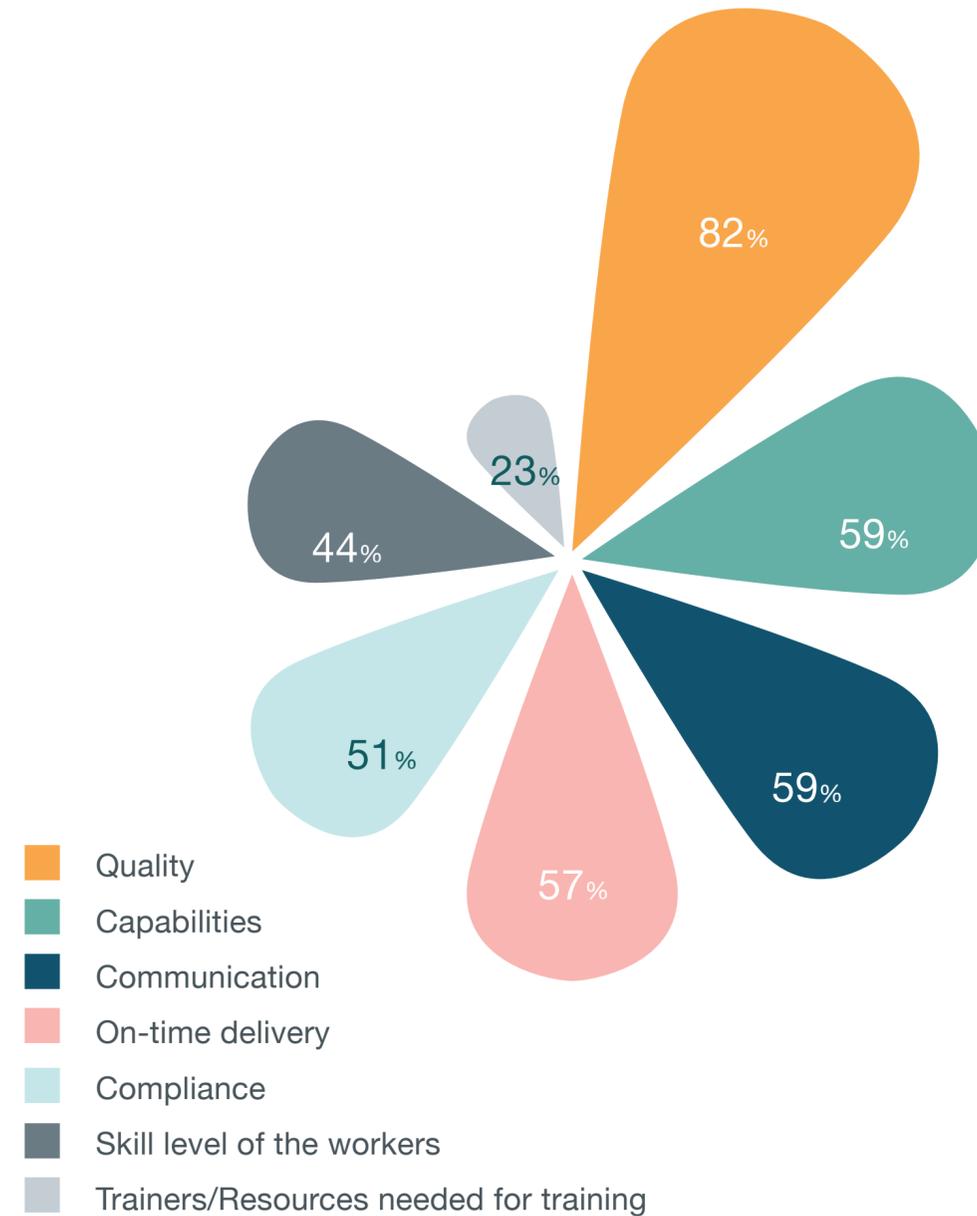
It should come as no surprise that Vietnam is the destination of choice for 67 percent of insiders that are on the move. Bangladesh (32 percent), India (30 percent), Cambodia (24 percent, and South American/Caribbean countries (23 percent) round out the top five regions.

This accelerated departure means there are a lot of apparel firms having to onboard new factories—and with newness comes risk.

Royal Robbin is working very

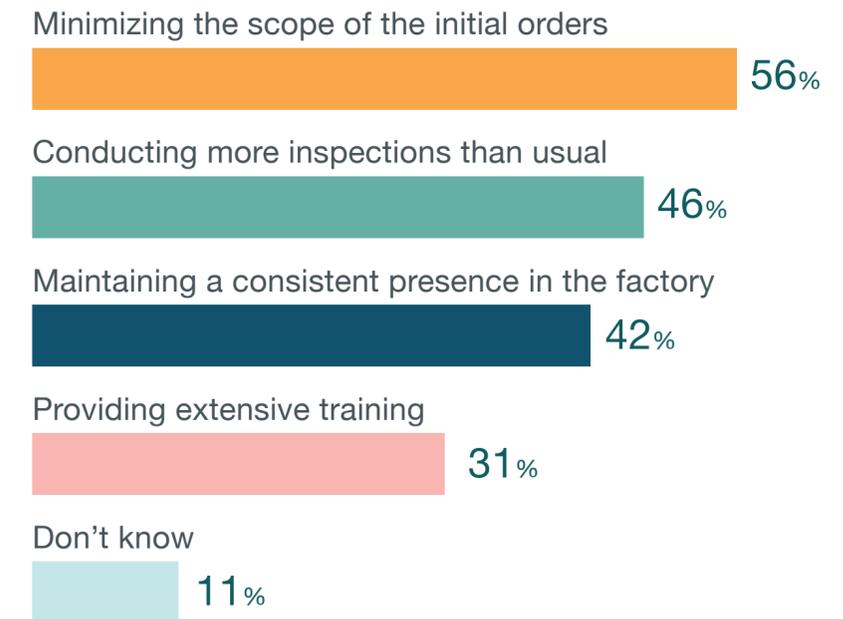
## Onboarding Risks

The top concerns companies have when bringing a new production facility online.



## Mitigating Risk

How companies go about attempting to reduce the chances for issues during the onboarding process.



## DIVERSIFICATION IMPACT CONT.

closely with its new factories in Vietnam to ensure the estimated 6-month or more ramp-up goes smoothly. “Our down-line production team is spending at least 60 percent of their time on onboarding them, and that includes quality expectations. They will be there when production is happening. And our QA team is there to help also,” Cura-Penos said.

While the 25 percent tariff was the catalyst for the move, Cura-Penos said even that steep hike wasn’t enough for her team to upend all China production. Ultimately, she said, there are just some things that country does best.

“There’s certain categories I said we’re not moving, and sweaters is one of them. There are some accessories that are going to stay in China, too,” she said, citing the superior capabilities and speed found there. “Basic or simplistic styles

are easier to move. When it comes to fashion and more complicated styling—those specialized categories like sweaters—those might remain in China.”

Quality tops the list of concerns respondents have whenever they embark on new factory relationships. More than 80 percent worry about quality, with 59 percent listing both capabilities and communication as the next area for concern. More than half also see on-time delivery (57 percent) and compliance (51 percent) as potential issues, while 44 percent worry about the skill level of the workers.

To help mitigate these risks, fashion firms employ a variety of tactics. More than half (56 percent) minimize the scope of the initial orders, 46 percent step up the number of inspections they conduct, and

42 percent maintain a presence in the factories. For just under a third (31 percent), providing extensive training is their hedge against problems.

Even with these precautions in place, ramping up in new facilities takes a while, Byrd said.

“It’s going to take time for them to become really skilled at what they do because it [requires] skilled labor. People forget that. Even brands forget that.”

## CONCLUSION

Apparel and footwear have to get efficiency right. In an era when time and money are scarce, wringing the most out of both is imperative.

To reach this goal, the industries must tackle both self-imposed and external speed bumps by:

- Ironing out product development issues before the production stage
- Rejiggering processes to better address smaller orders
- Adopting innovations that manage both information and product flow
- Improving communication across organizations and the entire supply chain

From those who were surveyed, it is clear that brands and retailers must work toward making the handoff to production smoother. While factories are where issues often come to light, survey respondents noted

that errors with tech specs, a lack of communication and slow decision making are often to blame for quality and timeline issues. That’s coupled with a steady flow of smaller orders placed closer to need. It all necessitates new processes and technologies to help manage raw materials, minimize production issues and track orders.

The survey also revealed that the industries recognize a need for true partnerships between brands and retailers and their production facilities, one that allows them to strategize solutions and share in successes. While having a consistent presence in the factories is a start, many who voiced their opinions said the mandate is for more than just oversight. With increased wages and more training, they contend that factory workers can overcome the lack of knowledge about resolving root causes

that many face and become incentivized to produce to consumers’ exacting expectations every time.

Once apparel and footwear are able to institute best practices around both product development and production, the industries will be better positioned to handle threats, even those as big as the one created by the U.S.-China trade war. Already the tariff situation has uprooted long established supply chains, forcing companies to search the globe for options that are comparable in abilities but less risky to their bottom lines. While these nascent relationships and new facilities pose challenges, they also present opportunities for brands and retailers to start fresh in a way that ensures the working relationship is a mutually beneficial one.

## ABOUT IMPACTIVA

Impactiva is the world's leading-edge provider of solutions that are transforming the Production-Chains of the apparel and footwear industries. Since 2003, Impactiva has been providing quality assurance, quality control and LEAN consulting to retailers, brands and factories in the footwear and apparel industry. Our world-class industrial engineering philosophy has significantly enhanced the performance of the factories and material suppliers of the brands and retailers that placed their trust in us. Our company motto, "Right from the start"™ is even more crucial today as it is the only way to satisfy the demands of today's home delivery Consumers.

Impactiva is renowned for achieving sustainable solutions by providing prescriptive analytics and fixing the root cause of problems. What

sets us apart is our proven experience and expertise in Apparel, Footwear and Material Technology. We have developed leading-edge processes and procedures that are unique in their ability to transform and improve manufacturing performance.

Impactiva is the only global QA/QC service provider with extensive upstream Quality Assurance/Inspection programs into tier two material suppliers, textile mills and tanneries. We also provide a comprehensive e-learning platform designed to turn factory workers into artisans, enhancing their lives and incomes while improving quality and productivity on the shop floor.

Impactiva is a global company operating in 5 continents with +2,000 years of industry experience thanks to our team of over 200 technicians and

engineers formally educated in the best schools in our industry. We also have an extensive process optimization team of Six Sigma trained Green Belt and Black Belt specialists who manage our factory Lean transformation projects. These teams routinely produce significant double-digit improvements in both productivity and quality KPIs within the first eight weeks of deployment.

Impactiva has a strong commitment to ethics and transparency in all aspects of its business. We have long fought a battle against corruption in the inspections industry, responsibly reporting bribery attempts at all levels.

Over the years, Impactiva has focused on developing cutting-edge services to exponentially improve the performance of the suppliers that serve our

clients. This year, Impactiva has launched a new digital 'Shop Floor Live Control' solution as a separate company called vaēso. Vaēso comes from a Latin word meaning 'glass' and our intention is to use our digital platform to create true transparency from the factory floor to the end consumer. Vaēso is radically improving quality, productivity, speed and efficiency on factory floors in Europe and Asia.



## METHODOLOGY

Sourcing Journal surveyed 147 people across the apparel, accessories and footwear industries on their views about the level of efficiency in their supply chains and the issues related to improvement. The online survey was conducted from Sept. 23 to Oct. 15, 2019. The participants were recruited to participate through email invitations that were sent to the entire Sourcing Journal readership, as well as separate communications sent to the sponsor's email list. A sweepstakes to win a \$500 gift card was used to incentivize participation.

Nearly a third (30 percent) are employed by brands, while 22 percent work for suppliers, 17 percent by retailers and 10 percent by factories. The majority (63 percent) work for businesses that offer apparel, with 10 percent offering textiles, 8 percent footwear and 7

percent accessories.

The respondents were involved in all facets of product development (46 percent), sourcing (43 percent), production (39 percent), supply chain (27 percent), operations (27 percent), quality (26 percent), and research and development (25 percent) roles.