

The Product Development Challenge Speed to Market in Clothing, empowered Change

Introduction - The Retail fashion Industry

The nature of competition between retailers of Retailer Branded goods is developing many facets as they strive to attract the increasingly discerning shopper. The principal battleground for this competition has moved from the High Street to the out of town shopping centres, like the Metro Centre, Meadowhall, and Merry Hill. A huge proportion of their sales are now made in their top 25% stores. Consumers travel long distances to these centres, and the retailer's challenge is to ensure that they have a range of garments, which are fashionable and that are presented in a full range of sizes and colours. In a Mecca of choice, the consumer who is upset because their size and colour is not available can be lost to the retailer's competitor for a long time. An additional front in this battle has been created by the renewed interest of Supermarkets in the clothing market, exemplified by the "George" range in Asda. The retailer's supplier is at the forefront of helping their retailer customer to meet the challenge. The UK based manufacturer has to provide an offer, which enables their customer to have timely ranges, at a price that is competitive with a wide range of overseas competitors. This paper describes how one manufacturer involved their employees in developing a step change in their speed of product development. This was a parallel project to one designed to achieve dramatic improvements in customer service, and therefore sales and profitability, by reducing manufacturing lead times from an average of 6 weeks to one of no more than a week. (Covered in a paper "Maltby Knitwear - The pity of it, the unfulfilled promise of a transformed factory")

The Fashion Industry & the UK knitwear Industry

The fashion industry is a world-wide phenomenon. Garments are designed, developed and manufactured often in two or more countries to supply a single product. Hong Kong entrepreneurs have created the ability to market one business, which is in reality a virtual business comprised of a multitude of small sub contract enterprises in Mainland China and throughout the Far East. This has given them enormous flexibility and responsiveness to the needs of major retailers throughout the world. This is the sort of competition, which UK textiles businesses need to beat to survive. Sadly many are failing. One of the competencies required to survive is the ability to create new ranges many times a year, instead of only twice which major UK retailers traditionally demanded: Spring-Summer and Autumn-Winter. This rate of product development has to meet the consumers' demand for high quality standards. How many other manufacturing sectors have to reinvent their product so frequently?

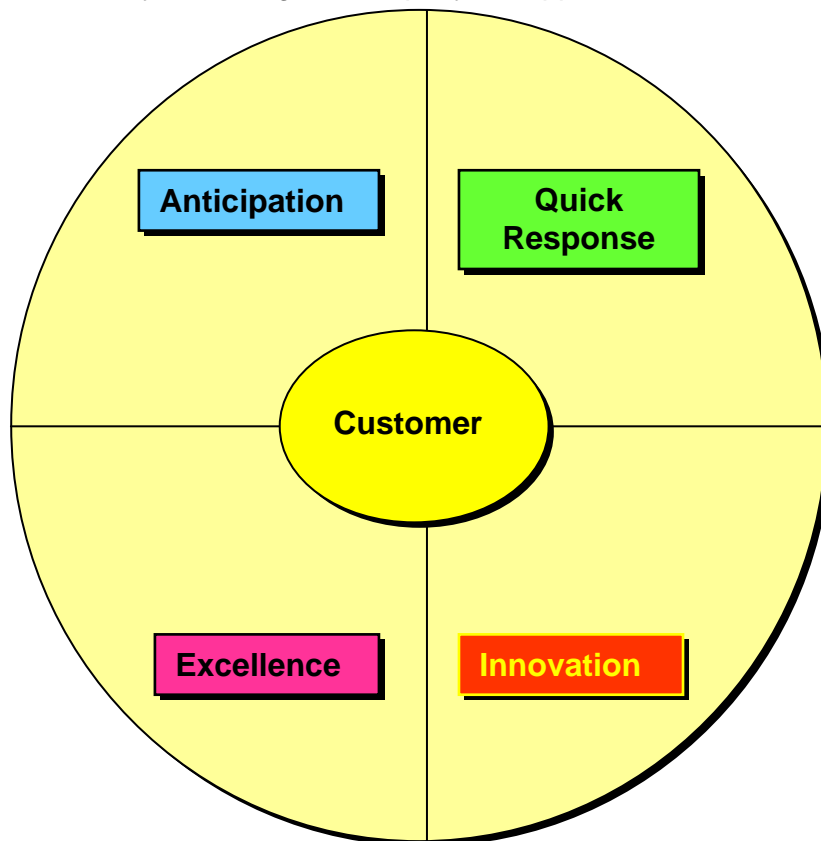
The knitwear industry has invested heavily in sophisticated CAD-CAM machines, which are analogous to a CNC machining centre in their ability to create all the components for a garment sequentially on the same machine. Indeed, work continues to commercialise a machine to make an entire garment, which requires minimal sewing and finishing operations. This machine would therefore eliminate the key area of competition from low wage cost countries by eliminating the high work content elements of the process.

The challenge: How to differentiate your business from the competition

The traditional textiles business was very internally focussed. The immediate challenge was to identify ways to help the customer improve their business. A supplier to a dominant customer can only improve their profitability by creating new value to share. This can be achieved by putting the customer at the centre of your people's thinking. This was encapsulated in the following motif, with which the

The Product Development Challenge Speed to Market in Clothing, empowered Change

business was galvanised. It is simple and could be accused of being a cliché, but it was an effective way of making the company not appear selfish to the customer.



Copyright AQK Change Management 1998

Excellence

Your customer can choose from the World's best suppliers, therefore ensure that you are best at all the aspects of business that your customer measures.

Anticipation

Customers' buyers are usually measured on a relatively short time scale e.g. In retail a comparison between the previous week's sales performance and the same week a year ago. The supplier needs to anticipate their requirements in order to be able to supply profitably and to an agreed time scale. This might be a major strategic change like shortening lead times, or simply anticipating that a product might sell significantly better than the customer budgeted, and therefore making plans, through the supply chain, to met the higher demand level.

Quick Response

All customers value quick response. Quick response is frequently met by using overtime and other profit eaters. Anticipation allied to quick processes, and a will to win in a business, will enable quick response to be delivered profitably.

From a Customer's perspective a supplier that is scoring on these three parameters will enable him to deliver a minimum of the profit they were budgeted to deliver without hassle, indeed it should be better than budgeted.

The Product Development Challenge Speed to Market in Clothing, empowered Change

Innovation

The truly successful relationship is given momentum when a business seeks to be genuinely innovative in all aspects of the relationship, not just its products. Innovation will deliver future profits.

The Context of Managing Change

As ideas develop senior managers translate them into new enthusiasms. The range is endless, and is usually sold as an acronym e.g. BPR TQM or going back in time MBO. Frequently they represent well marketed common sense! It is depressing how these ideas come and go because they often create resistance to change if the idea does not become embedded in the organisation's culture. Middle managers particularly see senior people come in with an agenda and go before its completed. This creates a "London Bus" syndrome, by which I mean people react by saying there is no reason to change, because there will be a new enthusiasm along soon. The result can be desensitised people who become cynical.

A normal command and control type leadership will tend to re-enforce this situation. In order to develop real change the game has to be changed. The business leader has to be adamant about what they want to see as a result (The "What") but involve the talents of their people in creating the means of delivery (The "How") This project was managed in this way.

Time Compression

This technique is parallel to Business Process Analysis. It was promoted by Warwick Manufacturing with DTI support. The focus, in clarifying processes, is to identify elapsed time and express the value adding process content in time, and therefore cost. What is so refreshing are the communication benefits, because everyone understands time. Typically an unimproved process adds value for less than 10% of elapsed time. By this I mean very simply, process time which a customer is happy to pay for. Faced with this for the first time we were not unusual in thinking that we were not that bad. However a review of our production process soon made the point clear to us. We found the rework cycles, the time waiting for internal and customer decisions, and other time consumers. If the customer would not be happy to pay for it, why do it. What an improvement opportunity we discovered.

Why should we compress time? We were all taught as children, that time is money. Regrettably we often do not treat it as such in our organisations. Removing time also squeezes out risk because decisions can be made later and closer to sale. In a fashion context the retailer can ride the fashion wave, instead of trailing in its wake.

The need to encourage people to reinvent

Change threatens people's comfort zones. In order to reduce the worry, it is vital to encourage your people to focus on the process. In this case to encourage people to think about the new garment from the garment's point of view. What stages does it go through? Which of these are fundamental? What can hold it up? What can prevent a decision causing lost time? Is everything being done adding value?

An analogy would be to think about a river with the customer as the estuary, and we need to get to the estuary as quickly as possible. Each delay is like a bend or a rock, which builds up work in process. Over time the process gets larger, and requires more time and resource to work. The objective is to create a canal with no locks, which is quick and effective. We set the objective of reducing the new product

The Product Development Challenge Speed to Market in Clothing, empowered Change

introduction process, from concept to manufacture, from 26 weeks to 6 weeks, in order to meet the anticipated needs of the customers.

Key steps in the Programme

We began by asking our top team what they believed the customer's perception of us was, in order to illuminate the urgent need for change. Their belief was fundamental to agreeing "The What". Then we analysed the customer's needs, the dynamics of which, were discussed in the introduction. Over time we defined the priorities. Sometimes the ideas have to be dropped, like water on stone, to build commitment, particularly if the new ideas are a radical departure from what went before.

If you are going to change people's lives the best starting point is to establish what the current situation is. The best source of that knowledge is the people who work in the New Product Introduction Process (NPI). Clearly a successful result will be difficult to achieve without them. The result will not be enduring if they are not involved, enthusiastic, and participating in the creation of the "How". Providing that they are given appropriate know how and leadership, the result will be achieved much more effectively than imposing an expert view.

Empowerment has unfortunately become a cliché. With clear leadership and goals it is a powerful tool to encourage people to reinvent they way they work and therefore their lives. Burning a strong vision of the "What" into the sky, and continually reinforcing it can achieve amazing results. The industry has had insufficient stimuli, which, it perceived, required it to change for a long time. We had to create a restless dissatisfaction with the status quo. There is no merit in changing and setting the new process in concrete. There have to be customer focused measures to ensure that the new orthodoxy is refreshed to keep the business ahead of its competitors.

The path to change

Two workshops facilitated by Warwick Manufacturing were held with a multi disciplinary group. They included people involved in the NPI from Design through planning and sales to manufacturing. Warwick gave them the intellectual framework. We gave them the belief that they had the authority to develop their process, having created a detailed map of the current situation.

After each workshop they had to present their ideas and gain the approval and commitment of the Directors. Between workshops they involved their colleagues in creating the detailed process steps, which would ensure that nothing practical was missed, while targeting the elimination of non value added activity. The result was that all the people involved in the NPI, not just the sample who came to the workshops, learned about it, and built commitment to the new NPI.

The Guiding Principals

- **Seek to eliminate non value adding activity**
- **Enable faster development through early, continuous, parallel development of pioneering methods and materials.**
- **The old process was linear. The aim was to make it a parallel process incorporating manufacturing, planning and purchasing from an early stage.**

The Product Development Challenge Speed to Market in Clothing, empowered Change

- **Build strong feedback loops to ensure that success is analysed thoroughly. There is far more to learn from success than failure.**
- **Employ a project leader, who can facilitate the detailed work and ensure accurate documentation, whose full time job it is.**
- **Create a language of change, which will re-enforce the new way.**
- **Don't forget that the process of change rests on trust if it is to succeed.**

The Measurable Results

The pinnacle of achievement was the development of 5 styles, from concept to available for distribution, in the pre Christmas period, in 5 weeks. This was one week less than it previously took to manufacture a known product. Sales increases followed as the customers' confidence increased. From January to April 1998 sales were running at 155% of 1997 sales levels. Enormous progress was achieved on a range of measurable factors, including the above.

This business as a result of unrelated strategic decisions has been allowed to die. Its parent group could have used it as a role model to reverse the inexorable decline of this industry in the UK. UK retailers need suppliers with the capability to provide, close to the market quick response, from concept to response to actual sales. The value of the huge amount of waste eliminated throughout the supply chain needs to be illuminated to demonstrate the real acquisition costs of buying in the UK. Closures and capacity reductions need not be inevitable if the strategy of involving all in the creation of this capability is pursued as part of a balanced portfolio including UK manufacturing and Off shore manufacture whether owned or sub contracted.

A Quentin Kopp

July 1998