

SRM GUIDE

FASHION & LUXURY INDUSTRY

May 2024

VOL.1

6 key steps to optimize your SRM !

Foster supplier collaboration & monitor operations

INTRODUCTION

In the world of fashion and luxury, the supplier relationship is not limited to a simple transaction, but is evolving into a strategic partnership. Companies that cultivate a relationship based on trust and transparency with their suppliers are better equipped to deal with volatile trends and uncertain markets, and collect the data for ESG reporting.

In a competitive and innovative economy, the role of suppliers is not just to provide products and services. They have become fully-fledged business partners, helping brands to create value and differentiate themselves.

Why integrate SRM into your procurement strategy ?

Transforming supplier relationships has become critical in today's supply chain ecosystem. Challenges such as globalization, reduced time-to-market, logistic disruptions and competitive pressures are leading companies to rethink their approach to **Supplier Relationship Management (SRM)**.

Companies in the fashion and luxury sector need to stay ahead by prioritizing their supplier relationships. According to the McKinsey Chief Product Officer 2023 study, these players plan to increase their relationships with suppliers by 51% over the next five years. This emerging trend is recognised as an essential strategy for responding to growing sustainability demands, ever-changing regulations and the need to fully embrace digitalisation.

Companies that cultivate a relationship based on trust and transparency with their suppliers will be better equipped to deal with volatile trends and uncertain markets.

Faced with these realities, this guide will provide directions to tackle these challenges and optimize your supply chain. Supplier Relationship Management (SRM) is not just an acronym, but rather a fundamental approach to generating more value out of the supplier relation and ensuring long-term performance.

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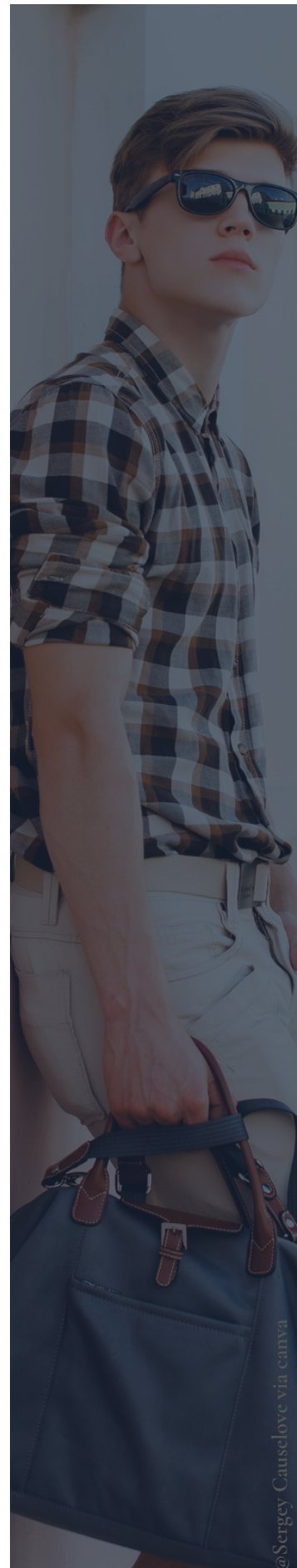
The benefits of strategic supplier relationship management

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**Are you ready to transform
your procurement model ?**

1. Definition and challenges

Let's agree on the definition of SRM !

What is SRM ?

Supplier Relationship Management (SRM) is a set of practices, processes and technologies designed to maximize the value that your supplier partners can bring to your business, and to collect the relevant data you may need to monitor your operations, prepare ESG reporting. SRM goes far beyond a simple business transaction. It is a systemic approach that encompasses collaboration, performance management, risk management and the creation of mutually beneficial relationships.

At the heart of SRM is the recognition that suppliers play a crucial role in the overall success of a business. They are not simply providers of goods or services, but rather strategic partners whose performance can significantly influence product quality, customer satisfaction and the profitability of your business.

Suppliers in the fashion sector

What suppliers are we talking about in the fashion sector ?

In the fashion industry, suppliers play varied and essential roles throughout the supply chain. Here are the main types of supplier that fashion brands work with, in the case of finished products or contract manufacturing :

- Raw material suppliers : Fabrics and textiles & Fibres
- Accessories suppliers
- Labels and packaging
- Suppliers of chemicals and dyes
- Garment workshops
- Logistics and transport companies
- Quality control organisations

SRM facilitates the mapping of multi-tier suppliers (tier 1, 2, 3, etc.). This mapping makes it possible to visualize and understand the interconnections between the various players in the supply chain, offering end-to-end visibility. This helps identify critical points and anticipate cascading impacts.

Are you wondering how to maximise the value of your supplier relationships and turn these partnerships into strategic levers for your company's success ?



The challenges of a successful SRM approach !

The changing environment has become much harder to predict due to the globalization of market demand and supply, more demanding customers and consumers, shorter product life cycles, constant pressure on costs, and societal pressure on corporate social responsibility.

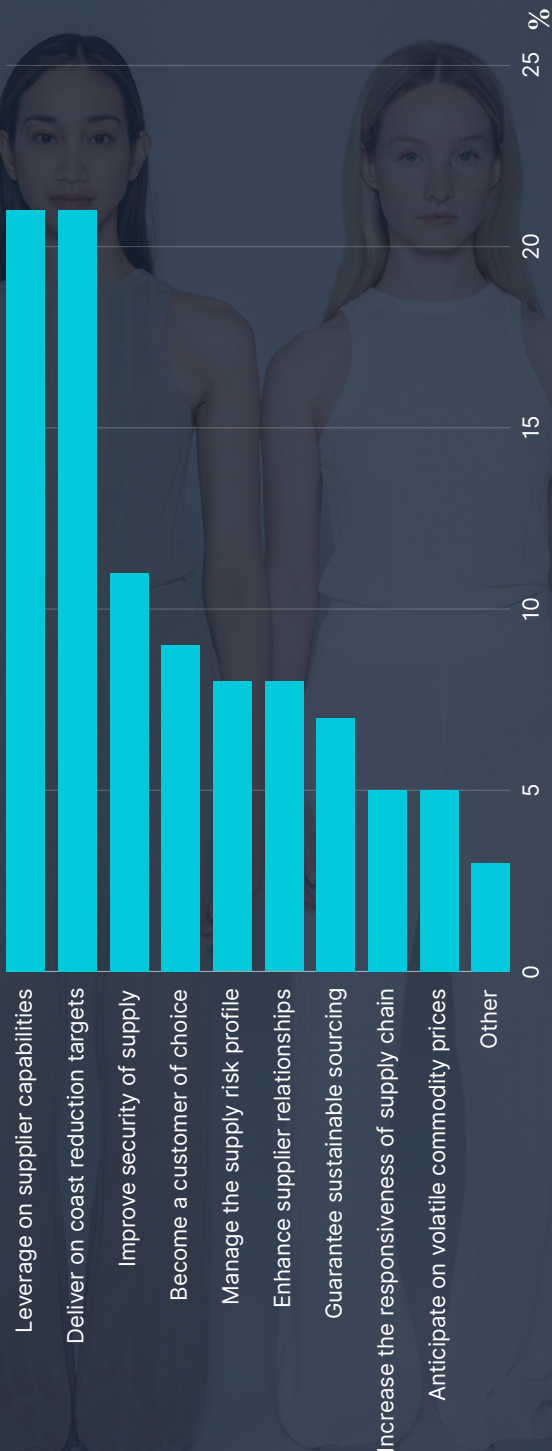
As a result of outsourcing, supplier purchasing management has become more important and more strategic.

But what is at stake in procurement and supplier management ?

Now you can understand what challenges a SRM system will address in your procurement process :

- React quickly to changes in demand, fashion trends and market conditions.
- Control costs while maintaining quality and innovation.
- Identify and manage risks associated with suppliers.
- Ensure consistent quality of materials and finished products despite the diversity of suppliers.
- Meet strict production and delivery deadlines.
- Achieve complete visibility and traceability throughout the supply chain.
- Ensure that all suppliers comply with social and environmental standards.
- Maintain effective communication and coordination between several suppliers located in different geographical areas.
- Integrate advanced technologies to improve supply chain management.
- Find and collaborate with suppliers who share the same ethical and sustainability values.

According to PwC's supplier relationship management study, the ranking of issues that trigger an SRM approach is shown in the graph opposite.



Objectives to initiate SRM

Reference : PwC supplier relationship management study

2. Your 6-step action plan

Your 6-step action plan for successful implementation !

To successfully implement your SRM (Supplier Relationship Management), follow these key steps which will guide you throughout the process :

STEP 1 : Assess your level of maturity

Assessing the maturity level of your Supplier Relationship Management (SRM) is essential for identifying areas for improvement and defining effective development strategies.

PwC has developed a table to assess your SRM maturity level using the following four levels : No SRM, Exploring, Established, World Class.

Here are the questions to ask and the level indicators to measure.



	NO SRM	EXPLORING	ESTABLISHED	WORLD -CLASS
Strategy & Governance	Focus on "performance to contract". No SRM strategy & objectives	Focus on cost reductions SRM strategy formulated but poorly understood	Partial focus on value creation SRM strategy known and fully understood	Full focus on value creation SRM strategy fully integrated with business strategies
Process	No SRM process in place with specific toolkit. All suppliers treated the same	Documented SRM process with basic toolkit. Little differentiation	SRM process fully known and advanced toolkit Advanced supplier strategies	SRM process fully integrated Partnership strategy jointly developed and managed
Structure	No format SRM structure in place	SRM initiatives are coordinated through existing relationships	SRM through cross-functional teams from business and procurement	SRM through centralised SRM office, with SRM roles and responsibilities
People	People are low skilled in SRM competencies with no training	Level of SRM competence varies significantly across organisation with some basic training	Key SRM stakeholders have moderate SRM competences with standard training program	All SRM stakeholders have deep SRM competences and there is tailored SRM training
Technology	No SRM support systems and tools	Some SRM support systems and tools in place, but limited integration	Integrated systems with suppliers for sharing and reporting information	Real time exchange of operational, tactical and strategic information
Performance management	SRM performance is not being tracked	Some basic performance measures are tracked and reported (on-way)	Critical performance measures are developed and periodically reported (two-way)	Performance measures are jointly developed with supplier and cover all SRM aspects
Risk management	No risk management approach in place	Risks are mapped, but concrete actions to mitigate these risks are lagging	Full visibility on relevant risks, approach to mitigate risks developed internally	Full visibility on relevant risks, mitigation approach developed with suppliers

Reference : PwC supplier relationship management study



NO SRM level

At this level, there is no formalized strategy or process for managing supplier relationships. Interactions with suppliers are generally reactive and unstructured, manual. Purchasing decisions are primarily based on price, with little or no consideration for factors such as supplier performance, risk management or long-term collaboration.

Features :

- No defined SRM strategy.
- Relationships with suppliers are transactional and ad hoc.
- Lack of visibility and control over supplier base.
- Mainly cost-driven purchasing processes.

EXPLORING level

Organisations are beginning to recognise the importance of supplier relationship management. They are experimenting with SRM initiatives and putting in place core processes to manage and improve relationships with key suppliers. However, these efforts are often limited and not integrated across the business.

Features :

- Early formalisation of SRM processes.
- SRM initiatives limited to certain departments or projects.
- Sporadic use of SRM tools and technologies.
- Recognition of the importance of collaboration with suppliers, but lack of consistency and maturity.

ESTABLISHED level

At this level, organisations have well-defined SRM processes that are integrated into their operations. They use tools and technologies to monitor and improve supplier performance. Supplier relationships are proactively managed, with clear strategies for collaboration and risk management.

Features :

- Formalised and documented SRM processes.
- Regular use of SRM technologies for supplier management.
- Active collaboration with suppliers to improve performance and innovation.
- Proactive management of supplier risks and opportunities.

WORLD CLASS level

World Class organisations have state-of-the-art SRM practices seamlessly integrated into their global operations and strategies. They establish strategic partnerships with suppliers, fostering innovation and mutual value creation. SRM is a key business differentiator, supported by advanced technologies and a collaborative culture.

Features :

- SRM fully integrated with business strategy.
- Strategic partnerships with suppliers.
- Use of advanced technologies to optimise performance and innovation.
- Organisational culture focused on collaboration and continuous improvement.
- Ability to anticipate and adapt to market changes.

Once you have assessed the level of maturity of your supplier relationship management, you can identify strengths and weaknesses, and thus identify areas for improvement. You can then move on to the next stage to define clear objectives.

SMART



SMART practical sheet

STEP 2 : Smart objectives for an effective SRM

This stage involves clearly identifying the objectives you want to achieve with SRM. These objectives may vary according to your company's needs, but they generally include the following elements :

- Improved overall supplier performance.
- Reduction of supply chain risks.
- Cost optimisation.
- Strengthening collaboration with suppliers.
- Increased supplier innovation and added value.
- Improved customer satisfaction.

Make sure you formulate your objectives in a SMART way (Specific, Measurable, Achievable, Realistic, and Time-bound) for effective evaluation of results.

SPECIFIC

What do you want to achieve ?

MEASURABLE

How will you track your progress ?

ACHIEVABLE

How can you reach your goal ?

RELEVANT

Why is this goal important ?

TIME-BASED

When will the goal be accomplished ?

STEP 3 : In-depth knowledge of your suppliers

Once your objectives have been defined, the collection and analysis of data on your suppliers becomes essential.

This can include information such as :

- Financial information.
- Performance history.
- Production capabilities.
- Regulatory compliance.
- Sustainability track record.
- Innovation capabilities.
- History of disputes or problems.

This step will enable you to better understand your suppliers, segment them according to their strategic importance and performance, and obtain the relevant data for your ESG reporting or traceability objectives.



Information sheet for collecting and analysing Supplier

SUPPLIER INFORMATION SHEET

SUPPLIERS

FACTORY

CONDITION

Validé

1.Contact

2.Administration

3.Production/ Installations

4.RSE

5.Documents

6.Autres

3. PRODUCTION/ INSTALLATIONS

PRODUCTION LEAD TIME

MONTHLY PRODUCTION (UNITS)

4. CSR

GOOD ENVIRONMENTAL AND SOCIAL PRACTICES

CERTIFICATES AND LABELS

ENERGY SOURCE

Confirm Save Decline

STEP 4 : Your suppliers' performance at the heart of SRM

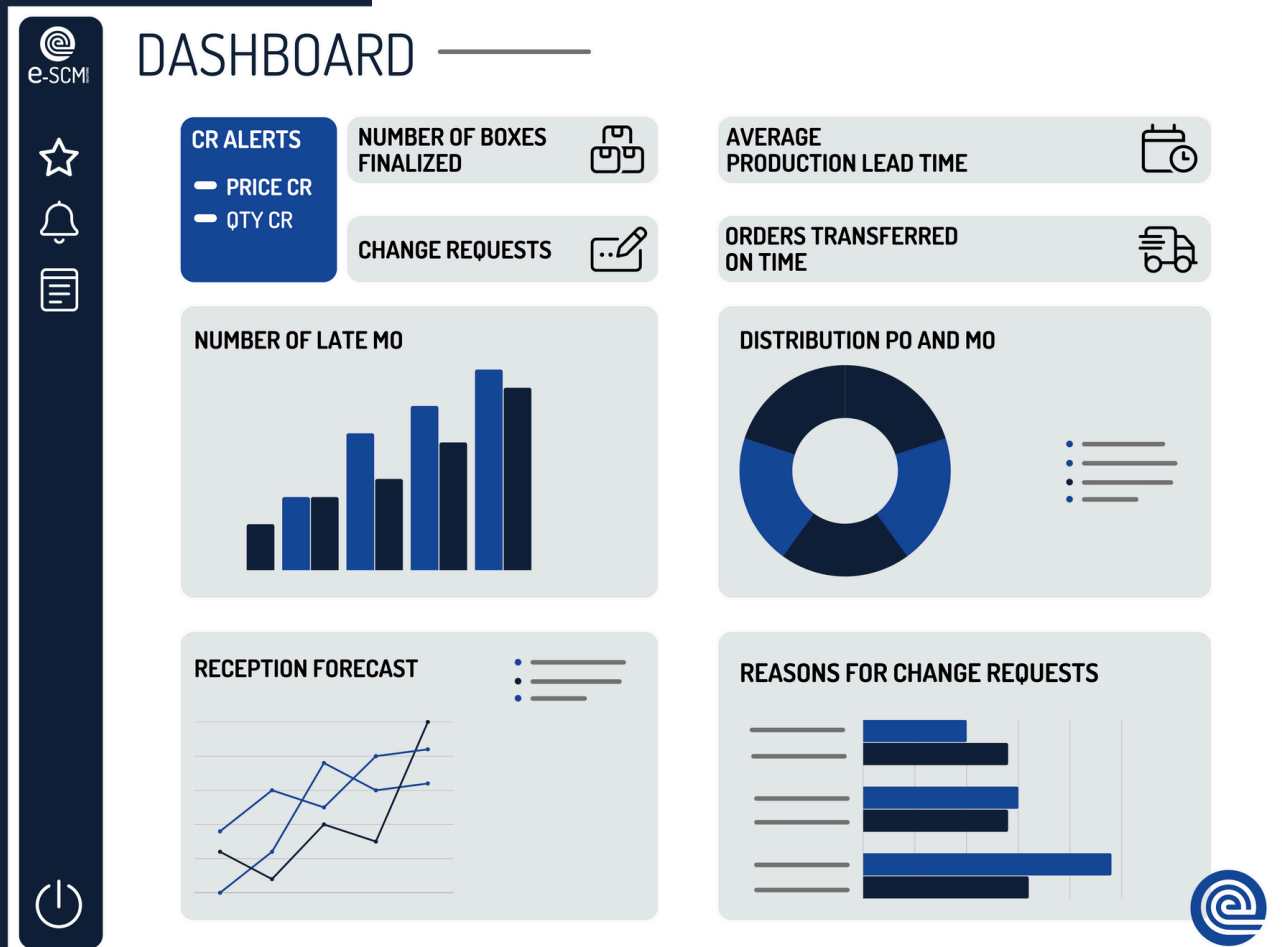
Continuous evaluation of supplier performance is at the heart of SRM. Monitor and measure their performance against defined criteria such as :

- quality
- reliability
- cost
- customer satisfaction
- and compliance.

Use key performance indicators (KPIs) via dashboards, questionnaires, audits or other methods. These assessments are crucial for identifying high-performing suppliers, detecting potential problems and making informed decisions to optimize the supply chain.



Supplier dashboard



STEP 5 : Commitment and mutual collaboration

Once the data has been collected and performance assessed, you can work closely with your suppliers to establish shared objectives, clear expectations and action plans. By automating processes your teams will spare time to focus on strategic tasks and make better informed decisions.

This may involve :

- defining service levels
- creating performance improvement plans,
- identifying joint innovation projects, and managing potential risks.



STEP 6 : Support for continuous improvement

SRM is a continuous process. Implement continuous improvement actions based on the results of performance evaluations and defined objectives.

Hold regular meetings with suppliers to discuss progress, identify areas for improvement, resolve problems and adjust action plans accordingly.

In conclusion, if you adopt a methodical approach to SRM, the process can help to strengthen relationships with your suppliers and optimise your supply chain as a whole.

In the next chapter, we'll explore the benefits of using a supplier relationship management platform, such as e-SCM Solutions, to support this approach.

3. SRM benefits

The benefits of strategic supplier relationship management

The key challenge for a supply chain manager, or any other stakeholder in the chain, is to manage operations to achieve performance and efficiency. Supplier portal technologies such as the e-SCM solution enable the entire supply chain to be managed in real time, with all players connected.

The various players in the supply cycle can cross-reference production, compliance and logistics information, and have a single point of information exchange. This means they don't have to waste time reconstructing data, and can focus on analysis to make better decisions and deliver goods on time.

Data control

The centralization of data from different players, and the fluidity of exchanges within a single platform, guarantees transparency throughout the supply chain. e-SCM offers configurable dashboards tracking performance indicators for the brand's supply cycle. A decision-making tool that secures the process and minimizes production hazards.

e-SCM enables data to be collected automatically via secure APIs, creating a single, shared repository in real time. All the company's tools can be interconnected with e-SCM (PLM, WMS, forwarding agents, etc.), increasing the efficiency of the solution.

Return on investment

The implementation of the e-SCM supply management solution has brought significant returns on investment for several companies, including Rip Curl, Intersport and Aigle.

The main benefits are :

- a 20% increase in productivity, achieved by optimizing processes for all supply chain players and facilitating decision-making
- a 25% reduction in supplier disputes, thanks to a secure supply chain able to cope with manufacturing contingencies and limit out-of-stock situations
- a 10% reduction in transport costs, thanks to better visibility of product routing for logisticians
- and a 12% reduction in residual stock, thanks to improved quality control.

e-SCM Platform

- Plan production with your suppliers
- Monitor production and minimize risks
- Control chain quality monitoring
- Ship and receive goods
- Guarantee product transparency and traceability



4. Transparency and performance

The pillars of effective Supplier Relationship Management.

Transparent communications

e-SCM offers online collaboration capabilities, enabling suppliers and brands to communicate and collaborate effectively.

Discussions, document sharing and updates can all take place on a single platform, reducing the delays associated with fragmented communications.

Continuous evaluation and performance monitoring

One of the major strengths of e-SCM is its ability to monitor supplier performance in real time. Brands can define specific key performance indicators and receive alerts in the event of deviations.

This enables continuous evaluation of quality, on-time delivery and other critical aspects of the supplier relationship.



5. Brand testimonials

Testimonials on the use of a supply management platform such as e-SCM Solutions.



INTERSPORT FRANCE



RETHINKING STRATEGY
FOR SUPPLIERS

Centralising data to facilitate decision-making

The implementation of the e-SCM supply management platform has led to major changes in work processes at Intersport FRANCE.

The priority was to simplify processes and provide a tool for more informed decision-making by better anticipating needs.

The benefits of this platform have been manifold:

- process structuring
- standardisation of practices at every stage of the procurement process
- improved visibility on the status of orders and freight forwarders
- elimination of inefficiencies associated with e-mail communications and manual processes into the ERP,
- and standardising operations with suppliers.



“

The centralisation of information has become crucial with e-SCM, especially in a collaborative mode where responsibility for data is reassigned to the player who is responsible for it. This guarantees the reliability of information in real time, simplifies processes, standardises practices and strengthens communication, by eliminating manual data processing.'

”

Natacha AMADORU, INTERSPORT Import Manager

CHILDREN WORLDWIDE FASHION



INVOLVING ALL
SUPPLY CHAIN PLAYERS

Responding to strong growth with complete control over flows

CWF is now in a position to monitor the supply of its products worldwide, and benefits from centralised data giving it complete control over its flows. One of the biggest challenges remains the involvement of all the supply chain players who use the solution.

e-SCM enables CWF not only to secure exchanges and monitoring of suppliers, but also to provide real-time visibility of the progress of production and the transport of finished products.

In this way, end-to-end traceability of the chain is assured and demonstrable. All the players in the upstream chain are involved in the 'cross-functional' implementation of this e-SCM platform : internal departments (purchasing, supply chain), plant suppliers, control laboratories, freight forwarders.



“

The tool works in collaborative mode, enabling us to align all our business lines and suppliers and to recreate links. Everyone involved in the supply chain benefits. In the end, our organisation is more responsive, agile and efficient.

”

Jerome BOISSEAU, Head of Research and IT Projects

PHB GROUP

ESTABLISH A PARTNERSHIP
WITH SUPPLIERS

Strengthening the relationship between brands and suppliers

PHB GROUP is a manufacturer of finished and contract products since 1978, operating in Europe and Asia.

For over ten years, they have been using digital Supply Chain Management tools such as e-SCM Solutions. The year 2020 has accelerated the digital transformation of companies in the textile and clothing sector.

PHB Group can testify to the benefits of using e-SCM. The solution provides Purchasing/Production teams with a business support tool that facilitates the organisation and planning of teams, improves communication with customer contacts and makes the data exchanged more reliable.

One of the major benefits that emerges is the establishment of a genuine partnership with suppliers. e-SCM enables information to be shared between each player involved, at every stage of the supply process, in real time, and all decisions are taken jointly and traced on the interface for greater visibility. The organisation becomes agile.



“

Thanks to e-SCM, our partnership approach with the brands gives us a clear view of the entire process, and has made us more efficient and time-saving, as well as improving our relationship with our customer. For principals, e-SCM gives a 360° view of everything that's going on!

”

PHB Group, Development Manager



SRM FOR THE SUCCESS OF FASHION AND LUXURY BRANDS

In the textile industry, supplier relationship management goes beyond transactions to create mutually beneficial partnerships.

This approach strengthens the ability of brands to meet challenges and gain competitive advantage.

Careful management of this relationship can reduce production delays, increase customer satisfaction and improve resilience, all of which contribute to a brand's growth.

In a constantly changing environment, supplier relationship management is becoming a key element of success.

By investing in this practice, brands build lasting relationships that shape their journey towards operational and strategic excellence in the demanding fashion and luxury sector.

Connecting stakeholders around an agile Supply Chain



Guide produced by Belharra, publisher of the e-SCM solution
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