

# A stitch in time

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Manufacturer Frame Vertical Textiles may be beyond salvation, along with Frame's denim and cotton yarn companies. But there is hope, it seems, for other parts of the Cape manufacturing sector. Production processes between fashion retailer Foschini and about 15 local clothing manufacturers have become so streamlined that in some cases their supply is outpacing Foschini's ability to sell.

Foschini, one of the last of the SA retailers to procure locally, has always believed that local sourcing should deliver a competitive advantage.

However, two years ago, though 65%-70% of apparel that was sold by Foschini and sister company Exact was produced in SA, the group derived little benefit.

Foschini had been an underperforming brand.

## Less than professional

The problems extended into the supply chain. By its own admission, relationships with local manufacturers were less than professional. "We were the nice guys, the soft touch," says retail director Martin Mendelsohn

It was this realisation that led the group to challenge, measure and interrogate every aspect of the way it did business.

"The world's best retailer takes six weeks to get a fashion item from design concept to shelf. We were taking six to nine months," says Mendelsohn.

Cutting the time from design to delivery allows Foschini to operate with lower stock volumes.

"It becomes possible to order more stock of successful items at short notice or, if something is not selling, intervene to prevent further orders," Mendelsohn says. The result is fewer markdowns at the end of the season.

Foschini examined four areas of its business: lead times; supplier relationships; the processes between Foschini, Exact and TFG Apparel; and replenishment. TFG is responsible for Foschini's in-house fashion design and production — it manages the relationships with the CMTs (cut, make & trim manufacturers), sources imported merchandise and manages shipping.

## Every aspect scrutinised

No stone was left unturned. “We measured the sailing time from every single port; the time it took to clear customs, to clear the distribution centre and to be packed onto shelves once goods were delivered to the store. We counted hours and minutes.”

Foschini introduced scorecards to monitor supplier performance. A-rated suppliers are rewarded with more business. Those that don't make the grade are coached and mentored to get there. It's not just the hard issues — quality, quantity, timeliness, packaging — that are measured, but the soft ones too.

“Trust, collaboration, communication are vital,” says TFG Apparel Supply Company MD Selwyn Eagle

Where TFG once worked with 30 CMTs, it now works with 10.

TFG is in the middle of a restructuring. “The front end, the design side, will fall under Foschini, where buyers and designers can work together more closely,” says Foschini group CEO Doug Murray.

## Focused roles

“TFG will focus on the back end, the production side of the business.”

Eagle will assume the role of Foschini's group head of merchandise procurement.

The initiative has some way to go but is delivering results. The production cycle has been cut from 180 days to 150 and Foschini wants to get that nearer to 100.

“It's taken two years and a huge investment.”

The only result the investment community cares about is the financial numbers. These seem to speak for themselves. In the first six months of the 2009 financial year Foschini demonstrated negative growth of 5,4%.

In the second half (March year-end) Foschini grew by 8,1%. Similarly, the Foschini Group grew turnover and headline earnings by 5% in the second half of its financial year.

Source: *Financial Mail*

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