

# The driving role of Product Development

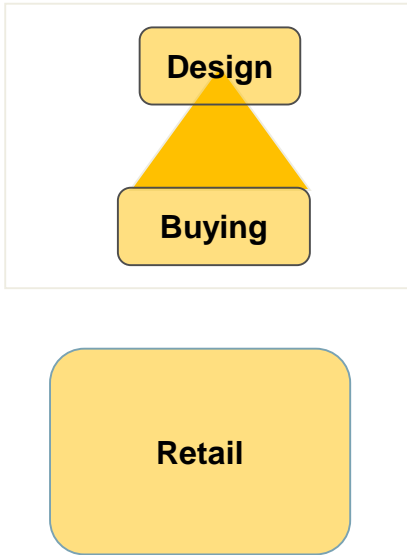
Shifting from a traditional HQ centered organization to Development @ Source

# APPAREL BUSINESS LANDSCAPE

Business model drives trade-off in flexibility, cost & quality

## Fashion discounter

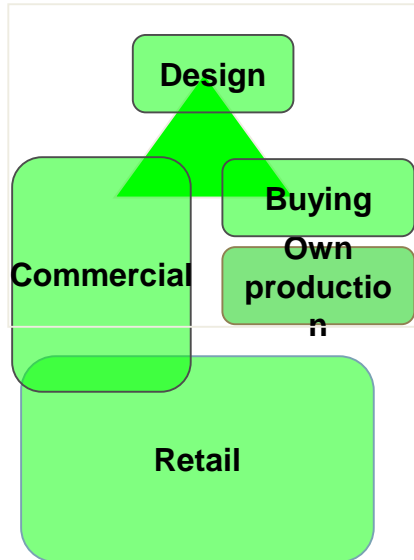
Low price product engine



Cost efficiency key success factor  
 Outsource Product Creation  
 Customer follower  
 Mass market driven  
 Planning and replenishment  
 Sourcing from a distance

## Fast fashion retailer

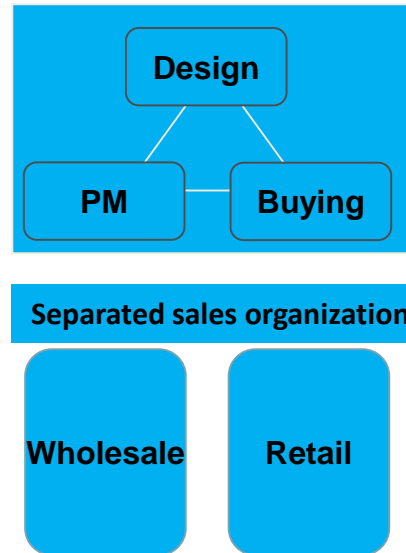
Store driven product engine



Flexibility key success factor  
 Effective Product Machine  
 Outsource Product Creation  
 Closeness to Market, for speed  
 Focus on cost-conscious sourcing  
 Resource Intense

## Fashion Brand

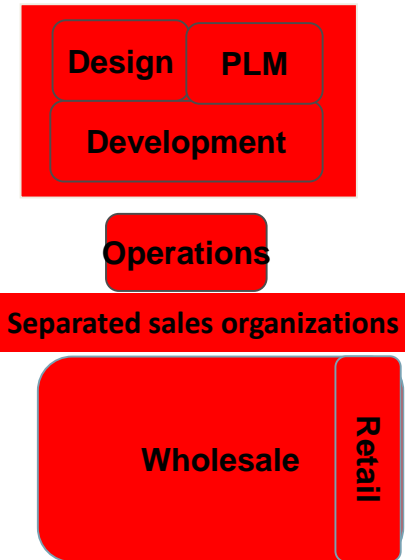
Divisional product engine



Effective Product Machine  
 Combine In-house & outsource product creation  
 Distance from Consumers  
 Challenged by fast fashion retailers  
 Combination of far and close sourcing

## Premium / sports brand

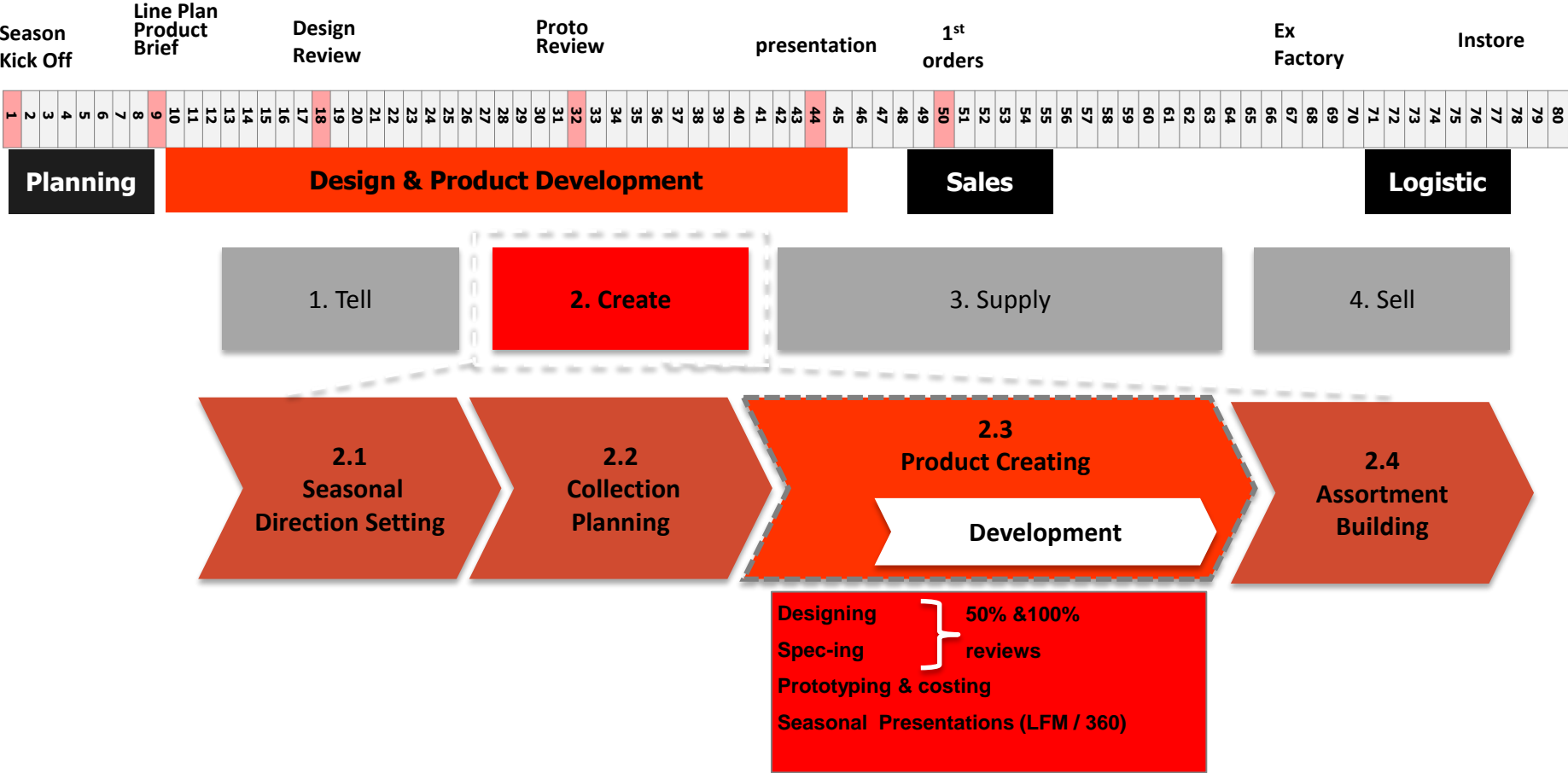
Independent product engine



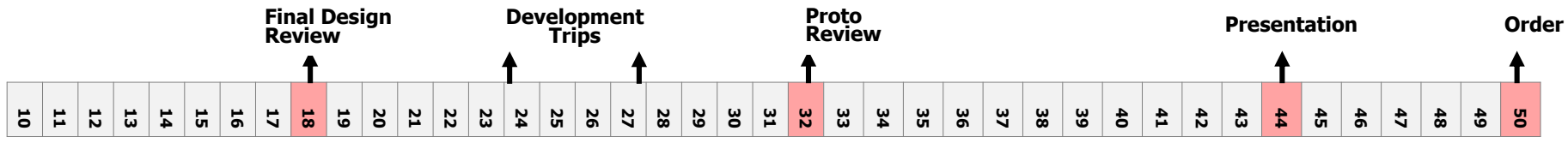
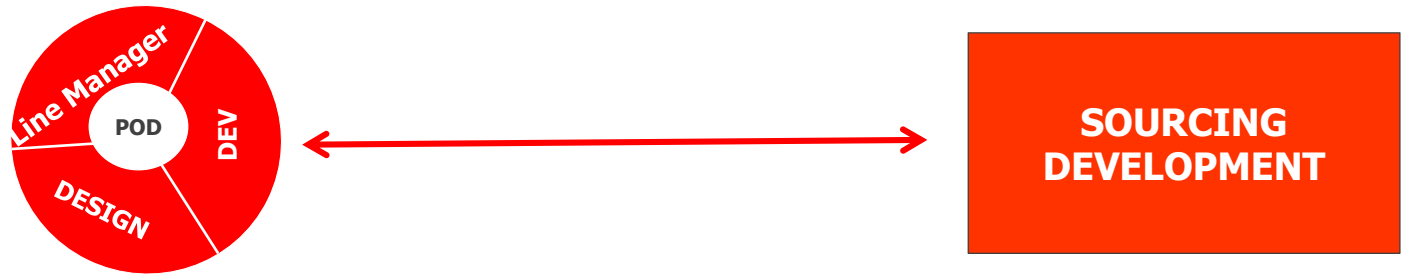
Quality key success factor  
 Clear Brand Positioning  
 Product Creation In-house  
 Limited cost pressure  
 Distance from Consumers  
 Duplication of resources  
 Lack of retail expertise

# DEVELOPMENT SET UP

- **80-90% product cost** determined during Development phase
- **25 to 30%** of calendar **lead time** spent on Development
- Development **critical link** between product planning and production execution

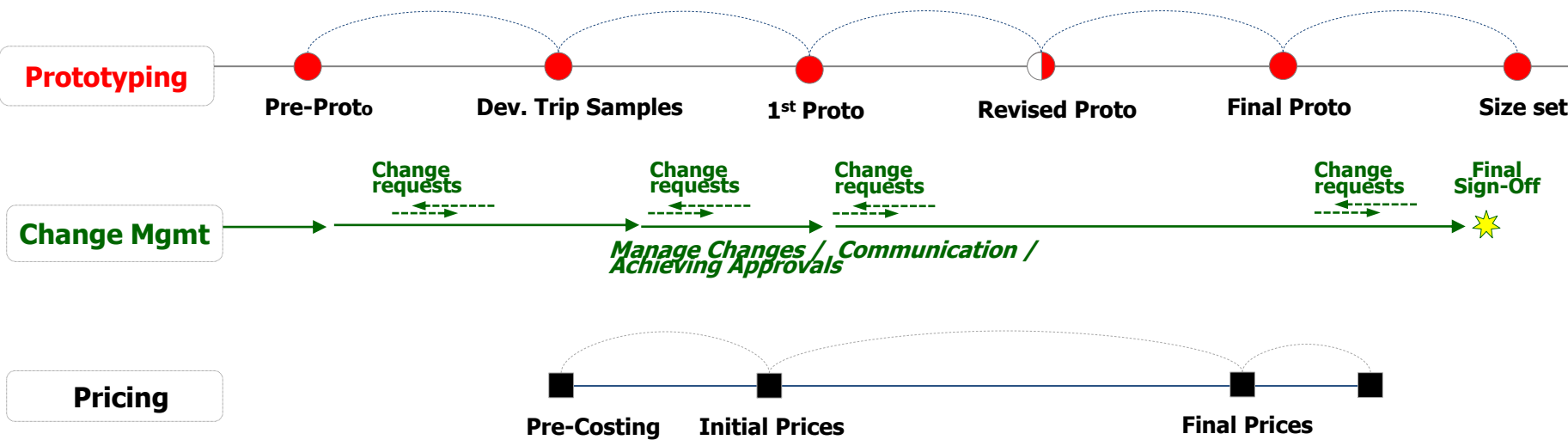


# DEVELOPMENT SET UP



**Design & Product Development**

**Sourcing: Development, Pricing, Commercialization**



# DEVELOPMENT @ SOURCE

## ***Concept***

*Narrow the gap between product creation and realization*

## ***Mission***

*Develop commercial products efficiently*

## ***Objective***

*Bring designers/PLM/developers close to Manufacturing Process in order to make product engineering decisions on-site for best and fast commercial solutions / decisions*

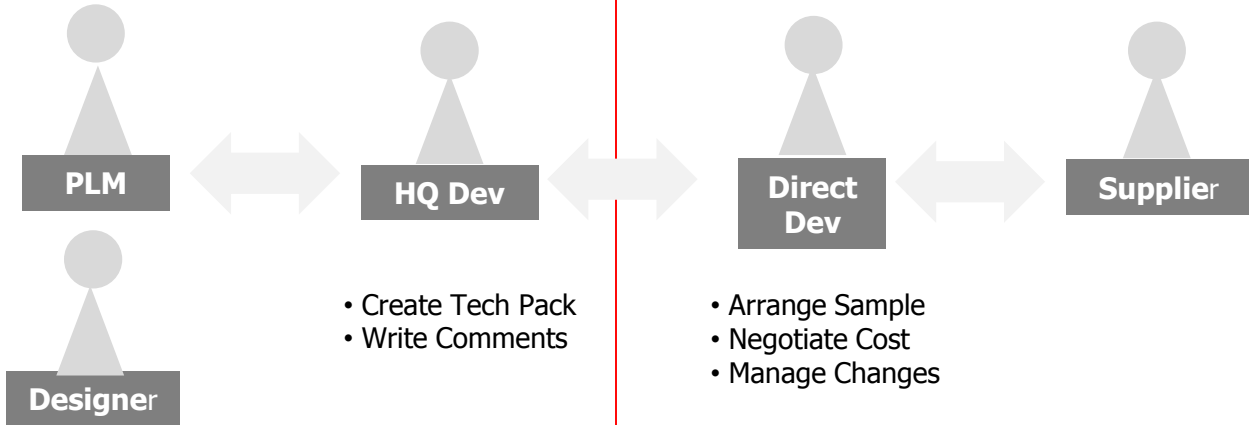
- *Effectiveness: Develop Right Product*
- *Efficiency: Develop Product Right*
- *Break barriers between planning, design and sourcing*
- *Clarify R&R*

# DEVELOPMENT @ SOURCE

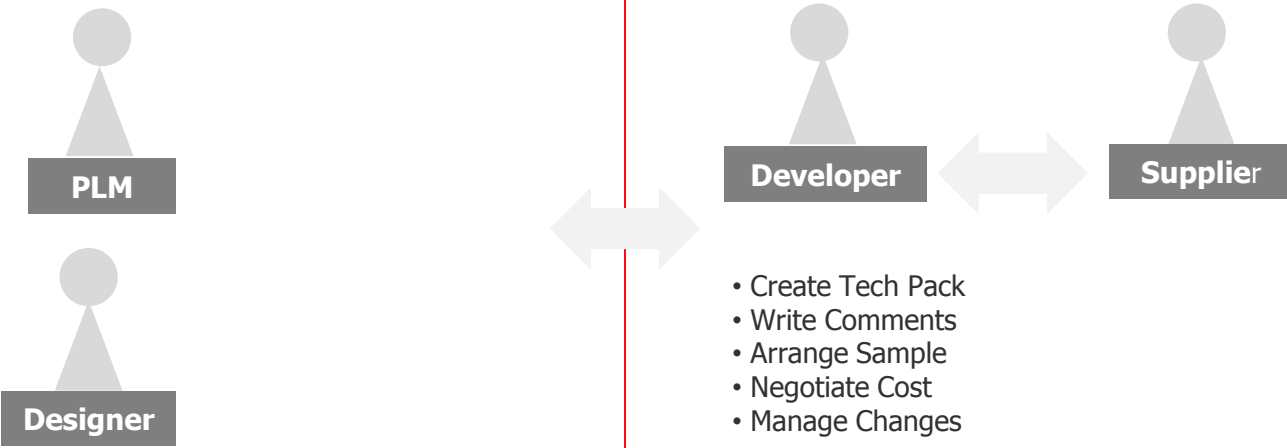
HQ

SOURCE

**Traditional Approach**



**Development @ Source**



# DEVELOPMENT @ SOURCE

**CORE PRINCIPLE**

**PRODUCT KNOWLEDGE POOL IS AT FACTORIES**

**PILOT PROJECT**

**KICKED OFF IN 2013**

**LEARNINGS**

**CLARITY IN COMMUNICATION & UNDERSTANDING**

**REDUCED REWORK ON SAMPLES.....FASTER TURNAROUND**

**PRODUCT CREATION ALIGNED TO TARGET COST**

**BETTER PRODUCTION FEASIBLE DESIGNS**

**NEXT STEPS**

**MINDSET TRAINING: FROM EXECUTING TO DRIVE**

# **NEXT**

- 1. Speed at center of new process, design process for speed**
- 2. New Rules for decision making**
- 3. Targeted investments such as raw materials commitment and capacities booking**
- 4. Work with suppliers differently, leverage expertise of partners, create process interface**
- 5. Work on innovation outside regular calendar**
- 6. Facilitate reordering within a season**
- 7. Standards and Toolbox**
- 8. Set up process to eliminate waste**
- 9. Cross-functional teams accountability, clear KPI**
- 10. Information transparency and availability: right information gets to the right people in the right format**