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OPERATIONS TAKE CENTER STAGE IN APPAREL BUSINESS STRATEGY

Leaders Exhibit Ability to Streamline, Automate, and Integrate

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While reading a recent article on our industry's most profitable companies, I found myself reflecting on the characteristics that differentiate these top performers. In today's highly competitive marketplace, it's clear that no single competency defines the best of the best.

Take for example Chico's, which has reported the highest profit margin among public apparel companies for four years running. When considering the enablers for such impressive results, one immediately recognizes the company's legendary focus on customer service. But a perhaps equally important component of Chico's success lies in its profound ability to execute from a sourcing and logistics perspective.

Traveling around the industry, I am constantly reminded of the importance of strong operational capabilities in today's global apparel industry. With the shift from local manufacturing to global sourcing, apparel companies are increasingly challenged to deliver in a consistent, high-quality, and timely manner to capture and maintain customers. And with Sarbanes-Oxley, retail and brand executives must understand in-depth the major risks in their businesses; making suppliers' problems their own problems.

Coupled with rapidly changing consumer demand, the new realities of global product development, sourcing, and importing have raised the bar for apparel companies by adding time and complexity to their processes. Many are recognizing that they must do more than strategize and cut costs; they must transform their enterprises. This, in turn, has increased the demand for supply chain specialists and other operations experts that can turn business process and integration into a force for strategy and innovation. In my view, these skills and capabilities are significant differentiators for the leaders in our industry.

To effectively manage their supply chains, today's operations leaders exhibit deep international experience, an interest in technology, and an ability to succeed under pressure. Operations teams that can streamline, automate, integrate, and optimize processes are propelling their companies to much higher levels of profit and success. And as complexity grows and cycles shrink, these executives gain a better understanding of the value of the information that accompanies the physical design, develop, source, and deliver steps.

To transform the business, operations leaders are demanding data that gives them an end-to-end view of the enterprise. While software suites like ERP are excellent at managing, manipulating, storing, and moving data, they are ill-equipped to produce the insights required to make day-to-day operations decisions. To deliver this business intelligence and decision support, data must be integrated from multiple, fragmented sources.

This need for more actionable data opens the way for forward-thinking IT executives to play a critical operational role in creating value and building competitive advantage for the company. This presents an opportunity for IT to transform itself from managers of data to providers of critical information for the business. As we move forward, data takes on even greater value as it, not the software application, points the way to the next innovation.

Productive Solutions, LLC is an Atlanta-based consulting firm providing actionable advice and measurable results through business strategy, technology guidance, and enterprise consulting services. Contact Rick Ludolph at r.ludolph@productivesol.com.