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## **Supplier Relationships Become Vital to Industry Success**

*SRM Technologies Enable Supply Chains to Better Collaborate and Compete*

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I was recently reminded of a conference that I chaired back in 1999 entitled "Creating Value through Supply Chain Management". Presented by the former Apparel Research Committee of AAFA, it was a very successful event that attracted a large audience of branded apparel companies (then called "manufacturers") and vertical fashion retailers. For those that remember those times, the shift to global sourcing had not yet fully developed into the dominate business model that it is today.

A common thread was woven through the variety of presentations over the 2-day event. The message, or 'wake-up call' at the time, was this: "In the future, competition will shift from company vs. company to supply chain vs. supply chain". Most of us then did not foresee the scope at which the industry would outsource or the level of complexity that this shift would bring to the industry. But as more and more processes are handled by suppliers, most brands and retailers are recognizing that their relationships with factories, mills, agents, and other suppliers are indeed integral to their success. With 20/20 hindsight, we can see that the earlier prediction is now reality.

Another key message delivered in the 1999 event was the role that technology would play in supporting the expanding supply chain model. Much of the discussion at that time was around planning and forecasting. Today, technology is being called on to support the entire supplier relationship; from design and development to sourcing, procurement and beyond.

To meet the need for tighter, more open business relationships, Supplier Relationship Management (SRM) technologies have been steadily gaining acceptance in the fashion industry. As with other developing software categories, SRM has a wide range of definitions and descriptions. Some see it as a separate software category that primarily automates the procurement-through-payment process. Others define SRM as a component of product lifecycle management (PLM), supply chain management (SCM), or Global Trade Management (GTM) solutions.

Regardless of how you define it, SRM systems and components are designed to replace traditional communication tools (e-mail, phone, fax and desktop software applications) with a cohesive, structured web-based computing platform that enables retailers, brands, and their suppliers to more effectively work together and collaborate to:

- Increase business and product innovation
- Accelerate speed to market
- Improve efficiency and quality
- Gain transparency and visibility
- Streamline financial interactions
- Insure compliance
- Enhance flexibility and competitiveness

Yes, the opportunities for SRM technologies are broad. This makes it challenging for a single software platform to deliver the collaboration required to entirely manage our growing supplier relationships. But innovative design, development, sourcing, order management, and logistics suppliers are integrating collaboration tools with their specific application expertise to enable supply chains to better collaborate, and therefore compete, in today's global fashion business.

To learn more about how SRM technology is enabling supply chain competitiveness, attend AAFA's "Supplier Relationship Management: Profiting through Improved Supplier Collaboration" seminar at Material World/Technology Solutions Miami event in April 2008. There, leading fashion industry companies will share how they are building better supplier relationships with the support of a variety of technologies.

**Productive Solutions, LLC is a boutique consulting services firm specializing in the fashion industry's concept-to-delivery processes and enabling technologies. It brings a uniquely focused and personalized approach to an international client base of retailers, brands, manufacturers and vendors. Contact Rick Ludolph at [r.ludolph@productivesol.com](mailto:r.ludolph@productivesol.com) or visit [www.productivesol.com](http://www.productivesol.com).**