

## FLYING HIGH IN FASHION

*By A. Blanton Godfrey*

### **What can save the United States' investment in this industry?**

I recently participated in a special conference called “Reindustrialization: Prospects for the Fashion Industry,” which brought together many top executives from the fashion and home furnishings industries. The conference’s unofficial intention was to explore how—or if—fashion products could continue to be manufactured in the United States. The industry is only too aware that low-cost labor in developing countries may soon become an insurmountable obstacle.

The answer to this fundamental question was a resounding yes. *If we drive waste from all processes and deal with factories close to market. If we partner with workers and create high-quality, fast-response production. If we remove unnecessary inventories, reduce unsold or discounted goods and reduce missed sales opportunities.*

To someone with my background, this all sounds like quality management. For me, the only surprise was how often the issue of speed to market was cited as the critical success factor. Close partnerships with key customers were also considered critical. Without these, it’s almost impossible to have the information needed to design, produce and deliver the right product to the right place at the right time.

Professor Medini Singh presented a case study that he, Nelson Fraiman, Linda Arrington, Carolyn Paris and other colleagues at Columbia Business School compiled on Zara, a Spanish designer, manufacturer and retailer that has stunned the fashion retail world with its unique design model, production and sales. It creates more than 10,000 designs a year but produces only 500 to 700 items from each design. With more than 450 stores, this means each store gets only a handful of each. Customers must buy the items they want quickly or they’re gone; the clothes are never going to be around long enough to buy on sale.

The keys to Zara’s success are obvious. The company moves fast. It often identified which styles are not at fashion shows and moves copies into production even before the original designers can. It designs, produces, distributes and sells its products itself. Each store manager watches what customers buy and don’t buy, and what they wanted but didn’t find. Managers report this information daily to the company, and it acts.

Deirdre Quinn, senior vice president of the fashion company Lafayette 148, echoed this message. After years of working for others, she and her partners started a company in New York’s Chinatown. They now have a seven-story factory there. Their key success moves included partnering with their production people, investing in design and moving quickly. To ensure fast response to the company’s New York retail

customers, 85 percent of their product is made in the city. In just a few years their sales have grown from \$6 million to a project \$36 million this year.

Bob Coppage of VF Corp., the world's largest apparel maker, presented a case study from the producer's side. VF has partnered with one of its large customers, J.C. Penney, to deliver a custom line of product to each of Penney's more than 1,100 stores. By investing heavily in information technology and setting up flexible manufacturing plants and distribution strategies, VF now creates individual shopper profiles for each store, and then produces and delivers custom product line packages. This approach demands an intense customer focus, design and manufacturing flexibilities as well as incredible speed.

Tom O'Connor, president of sales for Springs Industries, added a supporting view to these points. Springs is a large \$2.5 billion company focused on home furnishings. Ten major accounts cover 85 percent of its sales. The company created close partnerships with each of these retailers to design, produce and deliver a wide range of high-quality products quickly. Whether they're produced in the United States or in partner factories abroad is a function of a complex model of distribution and labor costs, quality and need for speed. For many of Spring's product lines, the need to design, produce and deliver quickly means these products are manufactured in the United States.

Herb Spivak, executive vice president of New Balance Athletic Shoes, stressed the issue's human side. The company's sales have grown sixfold during the eight years Spivak has been there. He attributed New Balance's success to moving from piece-part work and pay to team-based production and pay to today's model of creating a team from the entire company. Consequently, productivity and quality have both gone up, even though New Balance continues to manufacture all its product in the United States.

The lessons learned by these fashion companies apply to all industries. What matters most is meeting customers' needs better and faster than anyone else. The only way to do this is through close, working, real partnerships with all members of an organization.

### **About the author**

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