

Challenges of global fast fashion supply chains (Part IV)

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Talent development

In this series on global fashion retail we have discussed about network design and inventory location in Chapter 1, stores replenishment in Chapter 2 and sourcing and manufacturing lead times in Chapter 3. In this final chapter of the series, we want to discuss about talent management, as it is a major current concern for global supply chains. The growth in emerging markets has created a higher demand for managers, and the fierce talent wars amongst companies to hire the best staff makes the situation even more complicated. Additionally, as global supply chains keep developing at a rapid pace, supply chain management has become a much deeper and broader discipline.

The increase in depth is a reflection of the more complex relationships between the functions and sophistication of the different technologies and tools in use today. The increased breadth of supply chains is due to the more global nature of business, where managers are expected to work with a wider variety of people and cultures in more geographically diverse contexts. (7)

This situation means that the understanding of cultural differences, the flexibility needed to deal with distinctive cultures, and the capability of building trust in different cultural settings have become genuinely essential requirements to engage employees within firms and to ensure talent is nurtured from within organisations. In the words of the CSCO of Grupo Cortefiel, Berta Escudero “International companies with a multicultural workforce are more aware of multicultural diversity. To be successful in global business environments you have to be very respectful with cultural differences”

Interviewees have found global cultural models beneficial for a better understanding of these differences. In particular, participants found the model developed by David C. Thomas and Kerr Inkson (3) to be useful because

one can easily identify countries in the seven cultural dimensions, e.g., Spain and France in “Egalitarianism”, Japan and USA in “Mastery”, China and India in “Hierarchy”, the UK in “Affective Autonomy”, and the Netherlands and Switzerland in “Intellectual Autonomy”.

One prevalent topic in conversations was that of the Chinese culture. In particular, the importance of taking the time to forge the personal relationships necessary for doing business or implementing projects in China.

In terms of increasing employees' loyalty to firms, participants have concluded from experience that providing extensive overseas training to key employees from developing economies is a practical way to increase retention rates.

They have also concluded that this practice is highly valued by those individuals assigned overseas postings and a very good way of promoting company values. In some cases, Long-term overseas assignments are considered beneficial, although not very practical when there is a need to find talent in the country of origin. Finally, periodic team reports are regarded as being very important to ensure members of staff in global locations continue to nurture the values of the company. In any case, talent is not an easy topic in the global fashion industry. As Alan Higgins, the Operations Director EMEA of New Era Cap Company explains, “Global Talent doesn't develop by itself. You have to acknowledge cultural differences, and put in place a specific program with a compelling employer proposition and a structured development plan. When you identify the people with potential, you have to put the effort in as a business”.

Of the policies to apply in order to retain and develop key employees, ensuring responsibility, showing respect, revenue sharing schemes, and the practice of rewarding individuals (not only with monetary compensation, but also in terms of recognition) were seen as most effective. One retailer had clearly addressed this issue by determining a number of specific guidelines and with thirty per cent of leadership performance reviews being dedicated to talent development. (4)

Conclusion

The research conducted and reported in this paper has shown that global retailers usually opt for very simple network designs which enable them to quickly respond to fashion trends, whilst minimising the detrimental impact of mark-downs in slow moving stock. Furthermore, some retailers utilise network modelling optimisation technology to find the best solutions.

What became very clear was the importance of sales forecasts for enabling efficient store replenishment. These forecasts are becoming increasingly multifunctional. Moreover, as garments change continuously to match fashion trends they are also becoming more opinion than statistic-based, although social media and customer interactions are starting to bring workable data into this process.

Interestingly, larger companies are sometimes the most agile, and having the right mind-set, values, and organizational structures is essential for achieving such agility. What is certain is that the deep transformational changes needed to achieve the required level of agility are only successful when supported by the upper-levels of organisations.

Interviewees advocated the use of global cultural models to enable better talent management. However, specific talent retaining plans with clear leadership accountability are also deemed very important.

Finally, the management of the customer buying behaviour, through the alignment of strategy, values and leadership styles as detailed in the Dynamic Alignment methodology (2) developed by Dr John Gattorna is providing the most clues as to how the global fashion retail industry might overcome the challenges it faces.

This article is the fourth and final chapter about global fashion retail. Chapter 1 of this global fashion retail series was about network design and inventory location. Chapter 2 about stores replenishment. Chapter 3 about sourcing and manufacturing lead times.

Chapters

- 1) Network design and inventory location
- 2) Stores replenishment
- 3) Sourcing and manufacturing lead times
- 4) Talent development**



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