

## ARTICLE

# Garment/Footwear: Manufacturing Survival Guide 5 Ways to Thrive in Today's Market

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## Key Takeaways:

- Fast fashion is forcing garment and footwear companies to master rapid low-volume production
- Post Covid-19-related supply chain disruptions and labor shortages are especially challenging in an industry that thrives on speed and variety
- Successful apparel manufacturers are rethinking operations, partnering with suppliers, and turbo-charging productivity to get quality products out of the door quickly and profitably

**COVID-19 has been especially challenging for garment/footwear manufacturers already under pressure to get the latest fashion trends off the runways and into consumers' hands fast. Speed, agility, and lean thinking are separating the winners from the losers as apparel manufacturers rise to today's challenges.**

In the fast fashion industry, the need for speed is nothing new. Manufacturers have always needed to be quick to ensure new designs get into stores while the trends are still hot. With operations already running at top speed, the challenges brought on by the COVID-19 pandemic and ensuing recovery have been especially difficult for Southeast Asian companies that are critical players in the global garment and footwear supply chain.

And the roller coaster ride is far from over. Although the impact of Covid-19 is declining in some countries and government restrictions are loosening up, productivity issues, supply chain disruptions, and labor challenges will continue to wreak havoc on business profitability and economic activity.

Nevertheless, consumers still want instant access to the latest and greatest styles. The garment and footwear manufacturers that are quickest to overcome today's many challenges and that find ways to deliver quality product at affordable costs will win the day and capture new market share. Business leaders in the middle market simply have to be more agile and more creative to stay ahead of the curve.

## 5 Ways to Stay Ahead in a Challenging and Changing Market

1. Speed up every aspect of your business
2. Leverage operational excellence for high variety, small batch production
3. Instill a culture of productivity to achieve output targets
4. Get creative with supply chain management
5. Catch quality issues early on

## 1. Speed up every aspect of your business

The fashion market today requires companies to move faster than ever. At the same time, changing conditions and market volatility are making manufacturing operations ever more complex. In this environment, some companies will abandon safety, sacrifice quality, or take other excessive risks or shortcuts to speed operations and reduce lead times. And they will ultimately pay the price for these poor business decisions.

Manufacturers that stay true to their core mission and values can still find ways to execute better and faster than their competitors by:

- Narrowing down goals and metrics to the select few that matter most to the business' success
- Demonstrating a strong bias for action at the top levels of the organization—management must lead by example—and encouraging action by all members of the team
- Cultivating a management system that is focused on the point of impact to more quickly diagnose issues and hone in on the right resolutions
- Accelerating problem/resolution cycles by engaging more people in the problem-solving process and building the team's capabilities and confidence along the way

## 2. Leverage operational excellence for high variety, small batch production

Compared to 20 years ago, the fashion industry has transformed significantly. The traditional two seasons (Spring-Summer and Fall-Winter) have become four (Spring, Summer, Fall, and Winter). To meet the challenges from established and new competitors, manufacturers have had to make the switch to small batches and high variety models.

As a result, garment/footwear companies are under constant pressure to meet customer needs, and levels of effort, overtime, stress, and growth challenges have all increased. The current COVID situation and the labor shortage in the Asian market compounds and exacerbates these issues.

Operational Excellence and process improvements that standardize processes, eliminate waste, and increase agility are the keys to successfully addressing these industry challenges. In TBM's experience, garment/footwear companies that implement Operational Excellence may achieve results that are critical to high variety/small batch production, including:

- Shorter lead-times from cut to ship (less than 5 days)
- Quicker style changeovers (less than 4 hours)
- Exceptional quality
- Excellent "Right the First Time" performance
- 100% on-time delivery
- Improved supervisor-employee relations and greater workforce stability
- Open and proactive communication that enhances employee engagement and morale

## 3. Instill a culture of productivity to achieve output targets

To maintain earnings growth in the current slow economic growth period, business leaders will have to heighten their organization's focus on productivity and dig deeper to drive improvements.

The good news is, there are many opportunities for businesses of all types in developed and emerging economies to leverage operational excellence to drive productivity growth in their operations. Typically, operational excellence can lead to productivity gains of 0.5% to 1% per month.

These initiatives are most successful, and the gains are most pronounced, when productivity becomes a part of the culture. Elements should be put in place throughout the business to maintain a productivity focus. The most important elements include:

- Relentless questioning of how your processes work today
- Leadership engagement and active participation
- A disciplined management system
- Cascading strategic goals to align improvement activity at all levels with the core business objectives (Perfect Policy Deployment approach)

## 4. Get creative with supply chain management

Extended lead times, large lot size requirements, and missed deliveries are becoming increasingly commonplace under the current COVID situation, leading to higher costs and jeopardizing future sales. To address these challenges, garment/footwear companies need to get creative with their global supply chain strategies.

Sometimes, this means finding alternative suppliers. Other times, it requires adjusting processes—your own and your suppliers’—to better respond to current conditions.

For example, a global leading sporting goods brand we work with was struggling with both quality and quantity of products from its 20+ suppliers in China and Southeast Asia. Facing the real potential of missing the winter holiday stocking windows, the company committed to drastically altering its planning process. Instead of placing large orders and following a single production model, we created a unique plan for every part and adjusted the production model based on volume and flexibility of each different supplier.

In addition, TBM worked to create and implement a global lean supplier review and development project. Consultants worked directly with suppliers to optimize manufacturing processes and address issues including changeover times, line balancing, and standardization. These changes significantly lowered costs, increased quality, and improved output.

As a result, in less than one quarter, the brand’s Asian supply chain was completely transformed, allowing the manufacturer to dramatically improve its own operations. Operating cycles fell from 102 days to 60 days with an 18% increase in productivity. Inventory turnover increased from 9x to 16x and on-time delivery jumped to 96%. With reduced lead times, improved product quality, and reduced costs, the manufacturer was able to successfully meet end-customer demands at a lower cost, increasing its gross profit margin.

## 5. Catch Quality Issues Early On

Catching a quality issue in the final stage of production stresses the whole manufacturing system, leading to rework, scrap, and overtime that erode margins. In today’s operating environment, with COVID-19 putting extreme pressure on already-tight margins, and with garment/footwear companies already experiencing order drops, companies need a more affordable way to get quality

## TBM Footwear and Apparel Success Stories

### STRATEGIC SUPPLIER FOR LEADING ATHLETIC FOOTWEAR BRAND

#### Introduced lean manufacturing and improved operational performance.

- Overall productivity increased by 29% within one year
- Output per-operator, per-hour improved by 16%
- Quality improved by 22%
- Better customer satisfaction with improved lead time and product quality

### FOOTWEAR MANUFACTURER

#### Lean practices bolster competitive position and eliminate \$500K in costs over 4 months.

- Implemented Lean management, shop floor kaizen events, production smoothing, and a continuous improvement office
- Improved on-time delivery from 88% to 95% with no backlogs
- Reduced labor costs by 25%
- Improved overall productivity by 17%

### GARMENT MANUFACTURER

#### Lean transformation enables 2% sales growth with limited resources during global recession and pandemic.

- Conducted lean certification training for executives and senior managers
- Achieved 60% drop in WIP inventory
- Improved first pass yield by 75-80%
- Established a “lean fund” to finance employee bonuses and improve morale

products out of the door quickly. By eliminating rework and producing quality products the first time, companies can ensure customer satisfaction while protecting margins.

Process changes are one way to reinforce quality from the start. Switching from batch product to a single piece flow/one pair flow or cellular manufacturing process with cross functional teams can be the gateway to improving efficiency, reducing waste, and ensuring better quality. These types of processes turn up mistakes much faster and in fewer products than batch production processes.

Lean techniques are another proven way to dramatically increase quality while increasing individual employee accountability for the output. Leader standard work, managing for daily improvement, root cause analysis, and countermeasures are all keys to a lean environment that instills ownership of quality on the front lines.

These techniques create discipline at the point of impact while ensuring the greatest possible contribution from every single employee on the line—something that has become essential during the COVID-19 crisis. And they help keep defects from being passed down, where they are more challenging and much more expensive to address.

## There's Not A Second To Lose

Fast fashion won't wait for anyone. As the experts in operational excellence and lean methodologies, TBM can help you quickly respond to today's many challenges and make the operational and supply chain improvements you need to make right now. TBM helps manufacturers make high-impact changes that drive immediate results, so you can meet customer demands for speed and quality while profitability growing your business.

Contact Us to Learn More  
About Our Services.

## Meet the Experts



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A true industry thought leader with over 30 years of experience working in the Garment & Footwear industry.

## Speed wins every time.

TBM specializes in operations and supply chain consulting for manufacturers and distributors. We create agility and speed in your operations to accelerate business performance 3–5x faster than your peers.

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