

Change Fashion Workshop

Session D: Supply Chain

Location: XXX

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The supply chain encompasses the entire life cycle of a product from the sources of raw materials, the factories where those materials are made into garments, and the distribution networks in which those garments are brought to the consumer. This Working Group will focus on how we define the supply chain and what are the economics behind it? Especially considering what the barriers are to enabling science and technology sustainability in the fashion supply chain.

Materials: Questions for the Working Group

Definition and Scope:

How should we define “supply chain” for the purposes of the Change Fashion Challenge?

What is the scope of this working group? What processes, products, areas, etc. will we focus on?

Current State:

What is the current state of sustainable supply chains for fashion? What are the “hot spots”?

Ideal State:

What are the main needs and expectations from business and industry?

What would the ideal state for sustainable supply chains for fashion look like, assuming required solutions could be developed?

Bridging the Gaps:

Opportunities/Actions

What are the opportunities for science and technology to improve supply chain sustainability?

Of these, what are the top 2-3 priority areas? (highlight in bold on the slide)

Barriers/Requirements

What are the barriers to enabling science and technology to improve supply chain sustainability?

Priority Areas (up to 3):

For each area:

What are the key scientific issues? What are the key research questions that need to be answered?

What are the critical areas for innovation?

What data is needed and what are the gaps in data currently (reliability, integration, frequency)?

What would a research roadmap look like (key actions)?

What would success look like?

What are the next steps?

Supply Chain: Definition and Scope

Definition: The supply chain is a process defined as the addition of value between economic actors from raw inputs to final consumable products in fashion.

Scope: The scope of the supply chain is from economic actors creating finished materials (yarn, dyes) through to the brand buyer.

Supply Chain: Current State

Highly opaque markets with a lack of data sharing and efficiency around information access.

Supply Chain: Ideal State

Make information on factories within the apparel/fashion supply chain readily viable to all economic actors.

Supply Chain: Bridging the Gaps

Barriers/Resource Requirements:

- Fixed costs of **setting up a platform**
- **Variable costs** of continued access to the platform
 - Current organizations (e.g. Bluesign) require subscriptions to be involved
- **Lack of taxonomy** on what information is required
 - Different standards for each brands – Minimum standards
 - What is the key information I want to know about the supply chain?
 - Source a factory that is sustainable
 - What certifications are worth including?
 - Minimal level of information
 - Supply chain for medium to high is pretty good
 - Greater incentive for supplier to cheat at the low end.
 - How do you compare different data set?
- **Gaming of Reputation / Rating Systems** are skewed to the negative? What is the arbitration for downside?
- Incentives around **collusion** between parties (needs to be an independent party)
- **Supplier** worry about how information will be used by the brand.
- **Preponderance of intermediaries** who don't want buyers to have access to that information (economic **rents**)
- **Lack of best practices**
- **Monitoring costs of compliance**

Innovation / API

- IOT - Metadata on objects
- Data aggregation
- Creating a market for the data
- Taxonomy
 - E.g. of MPG in the car industry
- Research on incentive mechanisms for different parties (suppliers, agents, buyers) for lower access to information
- Better understanding of materiality by factory or region in the apparel sector (e.g. Global Reporting Initiative)
- A move to outcome based vs. process-based certification
- Tax – global
- Catalyst brands or partners that can be involved
- Reputation and review system
- Generate demand for aggregated data

Supply Chain: Priority Area #1

Description: Data collection, mining, aggregation

Key Actions: Identify data sources at the factory level, whether or not its relevant, who has access to it

Success Metrics: Better understanding of the gaps in the data, identifications, TAM, SAM, SOM

Next Steps: Identification of tools

Supply Chain: Priority Area #2

- Description:** Distilling the taxonomy around what is a good factory and providing the mechanism for continuing updating that information.
- Key Actions:** Identifying certifications, ensuring the standards are valid, identifying the gaps, understanding regional/end use materiality, attributes of factories (search parameters), developing a curation mechanism.
- Success Metrics:** 1.) Dialogue with the proper parties. 2.) Development of the initial taxonomy and 3.) UX/UI design for proper update
- Next Steps:** Identify partners and funders

Supply Chain: Priority Area #3

Description: Research on incentive mechanisms for different parties (suppliers, agents, buyers) to lower access to information (e.g. trade finance)

Key Actions: Develop best practices from other industries on incentive mechanisms, financial tools, game theory, etc.

Success Metrics: Factories willing to submit their data.

Next Steps: