

SUPPLY CHAIN MANAGEMENT & CHALLENGES

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MAIN CHALLENGES

Demand forecast

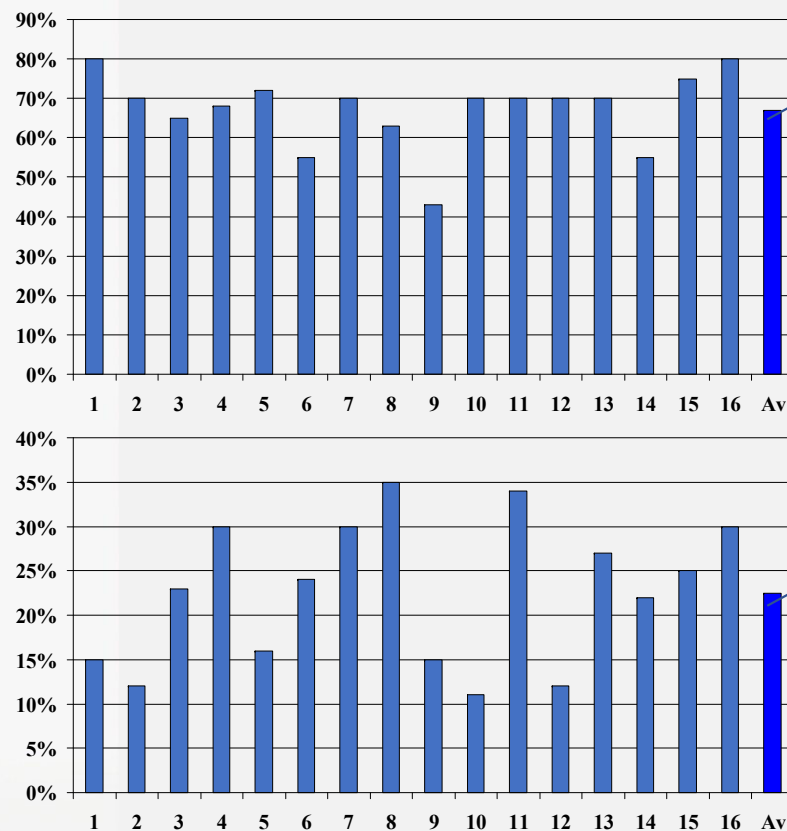
Lead time

Stock

Price

Quality

FASHION



60 %

Sell-Through %

25 %

Lost Sales %

HIGH INVENTORY

Stock



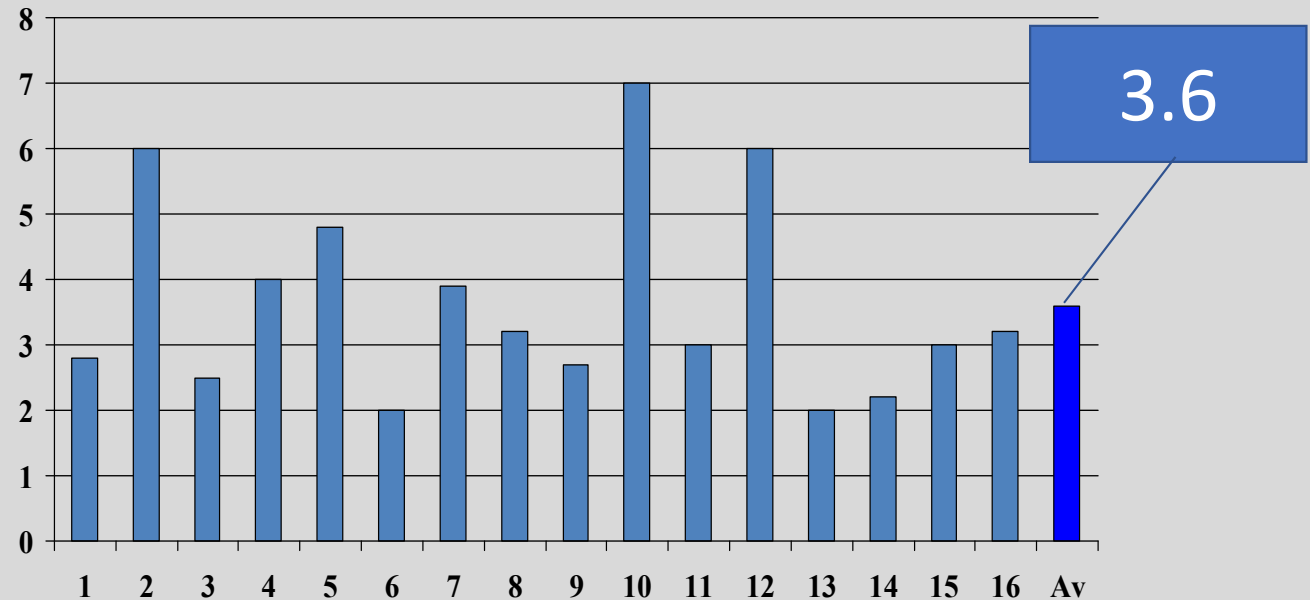
Shop



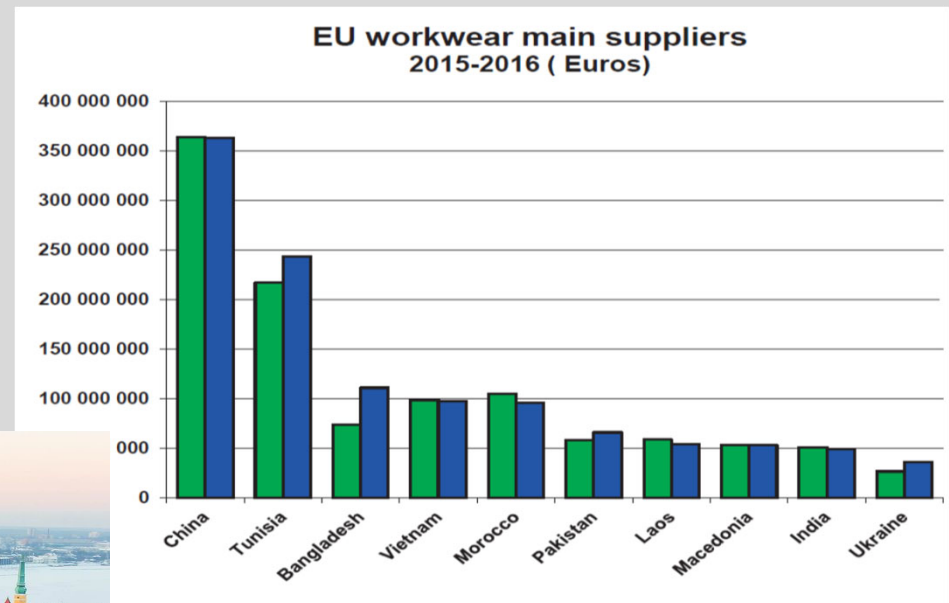
In
transit



Stock turns



CHOISE OF SUPPLY

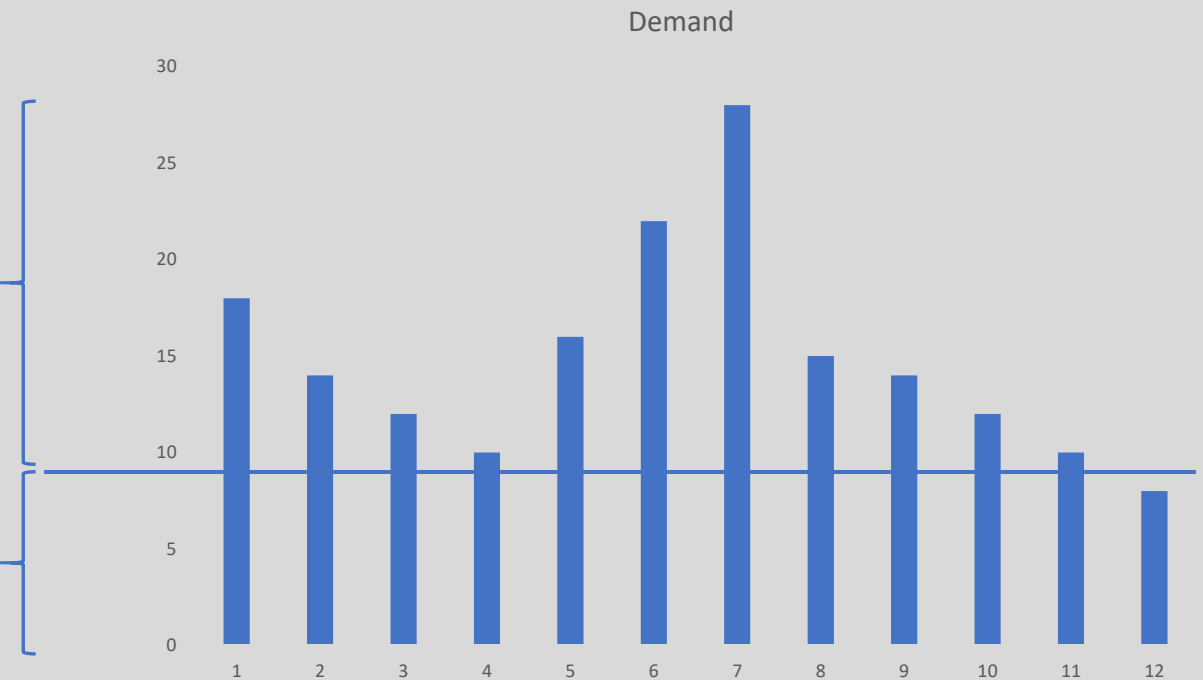


SOURCING MIX



Outsourced

Own capacity



Tingstad
prowear.



Billig herrpiké i 15 färger

Pikétröja i klassisk passform till lägsta pris.

69,00 kr exkl moms

Ord.pris 179,00 kr

17.90 €

(6.90 €)

C2O
clothes2order



Prices (GBP)

Quantity	Price
1	£9.99
2-9	£8.99

12.10 €

WÜRTH
MODYF



mit MwSt. **23,74 €**

Interreg
Baltic Sea Region

EUROPEAN UNION
EUROPEAN REGIONAL DEVELOPMENT FUND

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SW
smart & safe
work wear

COSTS

POLO SHIRT WITH PRINT

	€/unit	%
Sales price	5.20	
Raw material cost	2.70	52%
Wages and factory overheads	1.40	27%
Gross margin	1.09	21%
Sales expenses	0.18	
Administr. Expenses	0.23	
Net margin	0.68	13%

EX FACTORY PRICE	5.20
FREIGHT & INSURANCE (8 %)	0.20
IMPORT DUTY (12.5 %)	0.65

LANDED PRICE	6.05
MARGIN & VAT	7.26

SALES PRICE	13.31



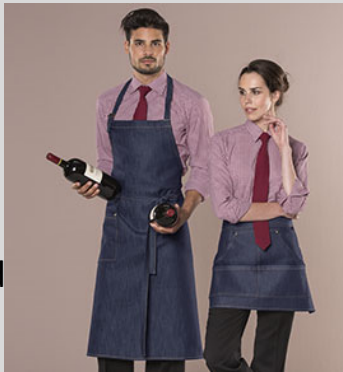
BUSINESS MODELS

B2B sales
Projects to
companies
and
institutions



No stocks
No forecasting

Own store
+
Internet
sales to small
businesses and
consumers



High stocks
Forecasting
problems

No stocks
Forecasting



Sales to
Retail
customers



High stocks
No forecasting

Leasing of
workwear to
companies



SWW
smart & safe
work wear

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REGIONAL
DEVELOPMENT
FUND

MODEL



Understanding the process

Try out alternative ways in
sourcing, production and
distribution



Supply Chain Simulation

Export simulation parameters

Create product data

Read simulation reports

Create actual demand from forecast

Refresh All

Project path:

C:\Users\Heikki Mattila\Desktop\Testaus

Demand forecast

Lead time

Stock

Price

Quality

Financial Data

	Jackets	
	Producti on in EU	Outsourc ed to Asia
Material cost for a jacket	12.0 eur	10.5 eur
Production cost	9.0 eur	3.5 eur
Incoming logistics cost	0.3 eur	3.2 eur
Outgoing logistics cost	0.5 eur	0.5 eur
Inventory carrying cost	0.5 eur	0.5 eur
Mark-up	2.0	2.2
Sales price (cost to client) - Own shop	44.6 eur	40.1 eur
Sales price (cost to client) - eCommerce	44.6 eur	40.1 eur
Sales price (cost to client) - Retailer	36.8 eur	30.1 eur

Create Product Data

Workwear company

	<u>Jackets</u>	<u>Trousers</u>
2019 K	Styles A,B,C,D,E	F,G,H
	Sizes S,M,L,XL	S,M,L,XL
2019 T	Styles I,J,K,L,M,N,O,P,Q	
	Sizes S,M,L,XL	S,M,L,XL

Product category	Jackets
Product group	Jacket_Kesa 2019
Safety Storage (pcs)	25
Crap after weeks	15

	share in	size	demand
	sales	distribution	forecast
A	0.40	S 5%	0.0200
		M 40%	0.1600
		L 40%	0.1600
		XL 15%	0.0600
B	0.15	S 5%	0.0075
		M 40%	0.0600
		L 40%	0.0600
		XL 15%	0.0225
C	0.20	S 5%	0.0100
		M 40%	0.0800
		L 40%	0.0800
		XL 15%	0.0300
D	0.15	S 5%	0.0075
		M 40%	0.0600
		L 40%	0.0600
		XL 15%	0.0225
E	0.10	S 5%	0.0050
		M 40%	0.0400

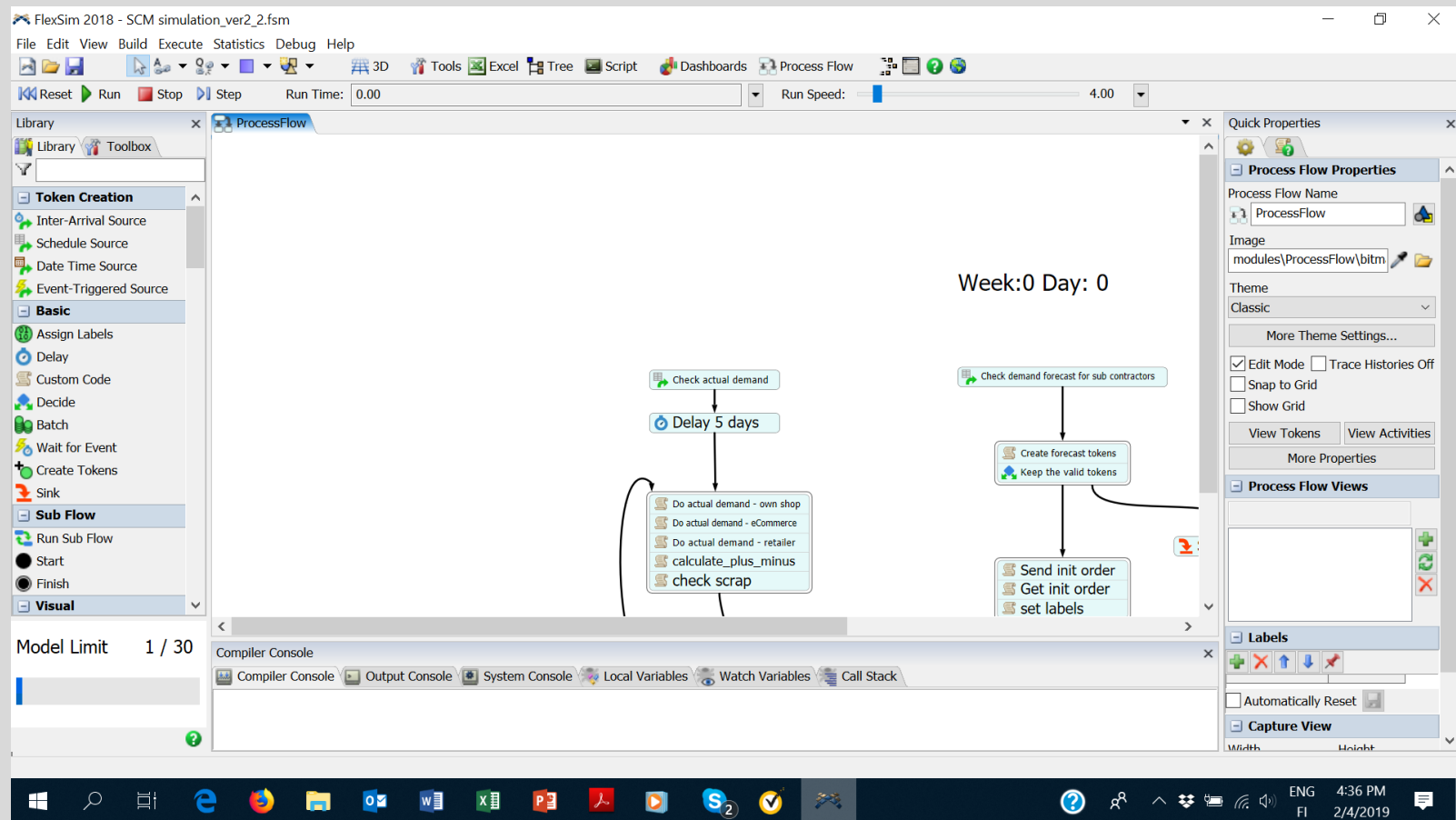
Create Actual Demand

Product group	Demand vs. actual	Own shop	Actual demand variation %	Retailer	Actual demand variation %	eCommerce	Actual demand variation %
		Share of total volume		Share of total volume		Share of total volume	
Jacket_Kesa 2019	1.4	20%	40%	20%	40%	60%	40%
Jacket_Talvi 2019	1.4	20%	40%	20%	40%	60%	40%
Trousers_Kesa 2019	1.4	20%	40%	20%	40%	60%	40%
Trousers_Talvi 2019	1.4	20%	40%	20%	40%	60%	40%

Locations

Sub contractor	Sub contractor1			
	Jacket_Kesa 2019	Jacket_Talvi 2019	Trousers_Kesa 2019	Trousers_Talvi 2019
Order thruput time (weeks)	26	26	26	26
Share of demand forecast (%)	95%	95%	95%	95%
Sub contractor	Sub contractor2			
	Jacket_Kesa 2019	Jacket_Talvi 2019	Trousers_Kesa 2019	Trousers_Talvi 2019
Order thruput time (weeks)	8	8	8	8
Share of demand forecast (%)	0%	0%	0%	0%
Own factory	Own factory			
	Jacket_Kesa 2019	Jacket_Talvi 2019	Trousers_Kesa 2019	Trousers_Talvi 2019
Order thruput time (weeks)	1	1	1	1
Share of demand forecast (%)	5%	5%	5%	5%
Total %	100%	100%	100%	100%

Simulation



Product Category	Total sales at normal price	Average Storage Value	Sum of Sales at Discount	Sum of Lost Sales	Cost of Goods Sold	COGS at discount	Gross Margin
(a) Asia 20%, Own factory 80%							
Jackets	865,573 €	25,624 €	15,448 €	34,261 €	441,243 €	25,319 €	46.8%
Trousers	471,071 €	11,230 €	6,307 €	25,080 €	238,131 €	10,323 €	47.7%
Total	1,336,644 €	36,854 €	21,755 €	59,341 €	679,374 €	35,642 €	47.1%
	Stock turnover:	19.4	1.6%	4.4%			
(b) Asia 95%, Own factory 5%							
Jackets	808,054 €	63,395 €	18,371 €	9,839 €	388,622 €	28,002 €	48.8%
Trousers	469,169 €	32,150 €	7,038 €	7,620 €	223,502 €	10,704 €	50.1%
Total	1,277,223 €	95,545 €	25,408 €	17,459 €	612,124 €	38,706 €	49.3%
	Stock turnover:	6.8	2.0%	1.3%			