

Strong relationships make for a slick supply chain

Chris Mole joined sports footwear brand Hi-Tec at the end of last year, becoming the company's new sourcing director. It's an important role in an organisation that has its roots in Europe and does lots of its business in North America, while its raw materials sourcing and footwear manufacturing happen, for the most part, in Asia.

He is a seasoned specialist, taking up his new job after a successful spell at top consultancy firm Ernst & Young, where he concentrated on major supply chain efficiency projects in the oil, rail and built-environment sectors. His work involved more than just giving out advice; he also had plenty of hands-on involvement, putting his ideas into effect, as well as choosing and implementing new IT applications and handling change-management issues as employees grew used to new ways of working.

After only a few months in the footwear industry, Mr Mole is convinced that his experience will transfer readily. "When you design a new building or a new piece of rail infrastructure," he explains, "you have to get your planning and forecasting right. If you don't get the design right, you'll constantly have to chase your tail to make things work in the end. And it's the same when we launch a footwear product. If we put in the effort up front on design, forecasting and planning and get it right, we'll take away a lot of headaches further down the line."

Another part of his Ernst & Young legacy is that he recognises the importance of linking supply chain improvements to financial benefits. He has had involvement in many money-specific exercises, including reverse auctions, in which competing partners bid against one another for the right to source materials for a particular project, with the price shrinking all the time. This may be something of a throwback to the dot-com boom—although it still happens—but Chris Mole believes companies in a wide variety of sectors have come to accept the monetary gains that can accrue from supply chain improvements. "Over the last few years, sourcing and supply chain have become huge elements in making businesses profitable," he says.

His first impression of the footwear business is that it

is highly seasonal, although he acknowledges that this affects Hi-Tec less than many other brands. This makes it all the more important to plan and forecast accurately, to make sure the company can make the most of its own resources and those it buys from partner organisations. He explains: "I've set myself a goal to improve the way we forecast to get the most from the strong relationships we already have with materials suppliers and manufacturing partners. Our global sales force orders product months in advance and anything we can do to improve on our delivery times or on our stock holding, with the related capital benefits from that, will be of great importance."



This simple display is the result of a complex supply chain. Hi-Tec's sales are mostly in Europe and North America, while sourcing and manufacture mostly take place in Asia.

PHOTO: HI-TEC



Chris Mole joined sports footwear brand Hi-Tec at the end of last year, becoming the company's new sourcing director.



The stitching line in a footwear factory making Hi-Tec shoes in China. The brand is benefiting from strong relationships with partners right across its supply chain.

PHOTO: HI-TEC.

The cleverest companies always seem to keep levels of stock low because they know that inventory costs money: you have to make the goods and store them, or pay partners to do so on your behalf, and that means paying out long before any cash will come in from customers for these particular items. Mr Mole refers to "the hidden financial benefit" that he feels his company can gain from improving in this area.

In the twentieth century, most businesses piled products high in the hope that customers would come along and buy them; they made goods just in case people might want them. In the twenty-first, the smart thinking is that you succeed if you can interpret accurately what it is your customers are looking for and deliver it just in time, and at the right price. This is only achievable with good planning and forecasting, and an effective sourcing strategy.

Hi-Tec has also started working with an outsource partner, called the Hi-Tec Supply Chain Group, in China and Indonesia to manage its product and material sourcing. This means one of the sourcing director's principal tasks is to make sure communication across the chain is good. "You might think that communicating would no longer be a challenge in this day and age, but it can be. The time difference is still there, for example, and I feel that global companies, all too often, are happy to try to do everything by email. In our organisation, I've been pushing for people to use the phone more, and we've found that we've been able to resolve things more quickly by phone. It sounds minor, but this has made a difference."

The footwear firm is also in the middle of putting in new software. It's basically a manufacturing application, but it has links into sales activity and will, Chris Moles is sure, help him in his quest to improve forecasting

and planning.

This business of planning which products to bring to market is easier for companies that offer a consistent message to customers and know what the buying public expects of them. In Hi-Tec's case, this is high-tech shoes, as the name suggests. The most recent example of this is the brand's move to be the first major outdoor footwear name to incorporate P2i's ion-mask waterproofing technology.

What ion-mask does is coat any shoe or boot with a special solution that repels moisture for the lifetime of the footwear product without compromising breathability or comfort. In tests, the technology has compared favourably with membrane and durable water resistant alternatives. The ion-mask deal was well along the way to completion before Mr Moles joined Hi-Tec, but he hopes his work will help his company bring further innovation to the market in future.

After only a few months in footwear, he says the level of complexity in the sector has come as something of a surprise to him. However, he has coped with highly complex supply chains before and in his current role, he says, the people around him are helping him navigate his way through. "I've found a real can-do attitude among the people involved," he says, "and that means all the way along the supply chain, including the people at our materials suppliers and at the partners we have in place for manufacturing and sourcing. As I said, the strength of the relationships I have inherited is very impressive."

"Without strong relationships, it's a struggle to make change happen. You need people to carry out change because, if things become difficult, you need everyone to pull together in the same direction. I've found so far that this magic is already there in the Hi-Tec family." 