

Chapter 3: Managing the Purchasing Process

Most buyers rated in the Better Buying pilot are providing enough time for production and are accountable for ensuring adequate time when they make changes/miss deadlines

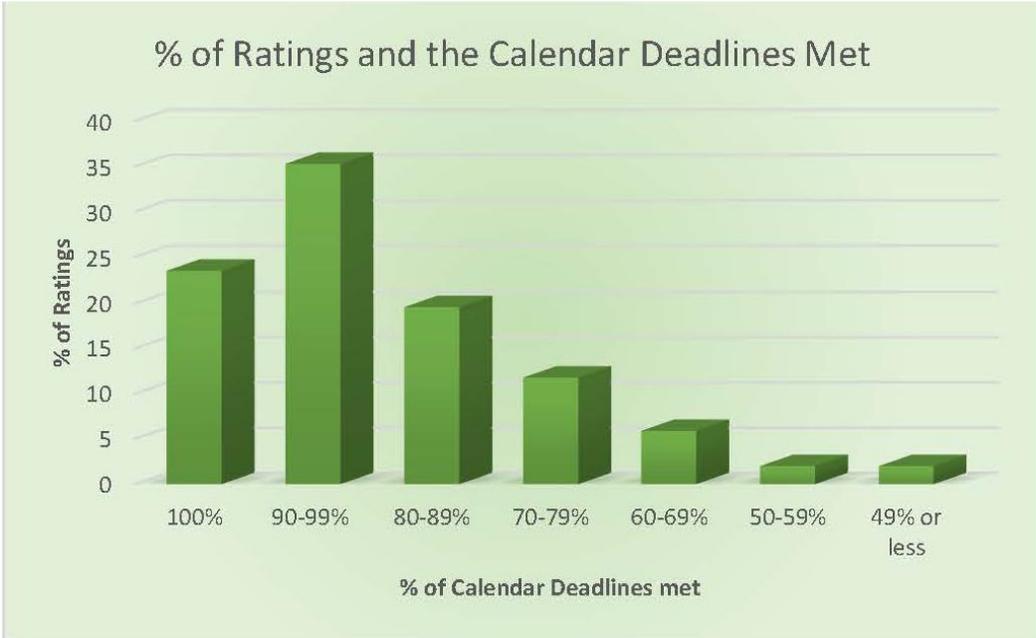
Managing the purchasing process is all about ensuring the time suppliers need for production is offered and then maintained during the process of developing products and bringing them to market. Importantly, time allowed for production must be adequate to support working conditions that are compliant with law and buyer codes of conduct. When inadequate time is allowed for production, or it is eroded through failure to meet key milestones in the development process, suppliers can quickly find themselves with overtime that was not initially costed and that workers may not wish to work, with the need for extra workers, and/or a dependency on subcontracted facilities.

The average score for managing the purchasing process was 4.5 stars, but the range of scores was one of the largest seen in any category. The lowest rating was just half of one star, and the highest rating received was 5 stars.

Time and action calendars for each order help align the buyer and supplier on the dates key milestones must be met. Having a time

and action calendar that everyone has agreed to is an important first step in providing enough production time. Nine out of 10 ratings (92%) reported that there was an agreed time and action calendar for pre-production and production deadlines. Roughly the same percent of ratings indicated that the time and action calendar provided enough production lead time (or if there was no time and action calendar, the terms of the purchase order provided enough time).

Where we see more challenges arising for suppliers is in buyers' actual adherence to milestones in the time and action calendar. Almost one in each of four ratings (23.5%) indicated 100% of the calendar deadlines were met. Over 35% of the ratings showed that nearly all (90-99%) of the calendar deadlines were met. Ten percent are hitting 69% or less of the deadlines.



In the competitive apparel industry, there needs to be a certain degree of flexibility to accommodate changing customer needs. To ensure production time is protected so that it supports decent working conditions, this means calendar deadlines will often need to be changed. In asking about buyer flexibility and

accountability for ensuring adequate production time, we had no suppliers reporting any problems.

Findings for managing the purchasing process may come as a surprise to readers. Like you, we consistently hear suppliers saying there is not enough time allowed for production.

While we applaud the good scores received in this category, Better Buying reminds readers that pilot test scores cannot be generalized to the industry as a whole. In fact, while we hope the positive findings continue to show up for managing the purchasing process, we anticipate that with more ratings this category will show declines.

How can you use the information Better Buying provides about managing the purchasing process?

Buyers, managing the purchasing process isn't only about making sure the supplier has enough time for production, it is a reflection of your internal operational efficiency. Everyone's time is wasted, both at buyer and supplier headquarters, when they are unable to start their work and have to track down information necessary to move forward with development and orders. You'll be able to use Better Buying data to support conversations with internal staff about expectations for the quality and timeliness of their work. By putting some systems in place to track employee adherence to time and action calendars, you will be able to embed those findings in employee evaluations to make sure staff are performing up to par.

One way buyers can use this now is to consider a few best practices reported in the ratings. Specifically suppliers told us that:

- The buyer's planning and timelines are good and they do not push for rush deliveries.
- The buyer's purchasing processes are consistent and organized.
- No late changes in development are made.

Suppliers, when Better Buying scores are published for buyers, you will be able to anticipate the types of challenges you will face in working with new buyers. You can consider building in contingencies and buffers for clients that perform poorly in this area. And for those buyers performing well in managing the purchasing process, you will be able to more precisely manage production and the timing of shipping windows.

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