

Chapter 6: Design and Development

Eighty percent or more of tech packs are delivered accurately and on time by buyers rated so far by Better Buying

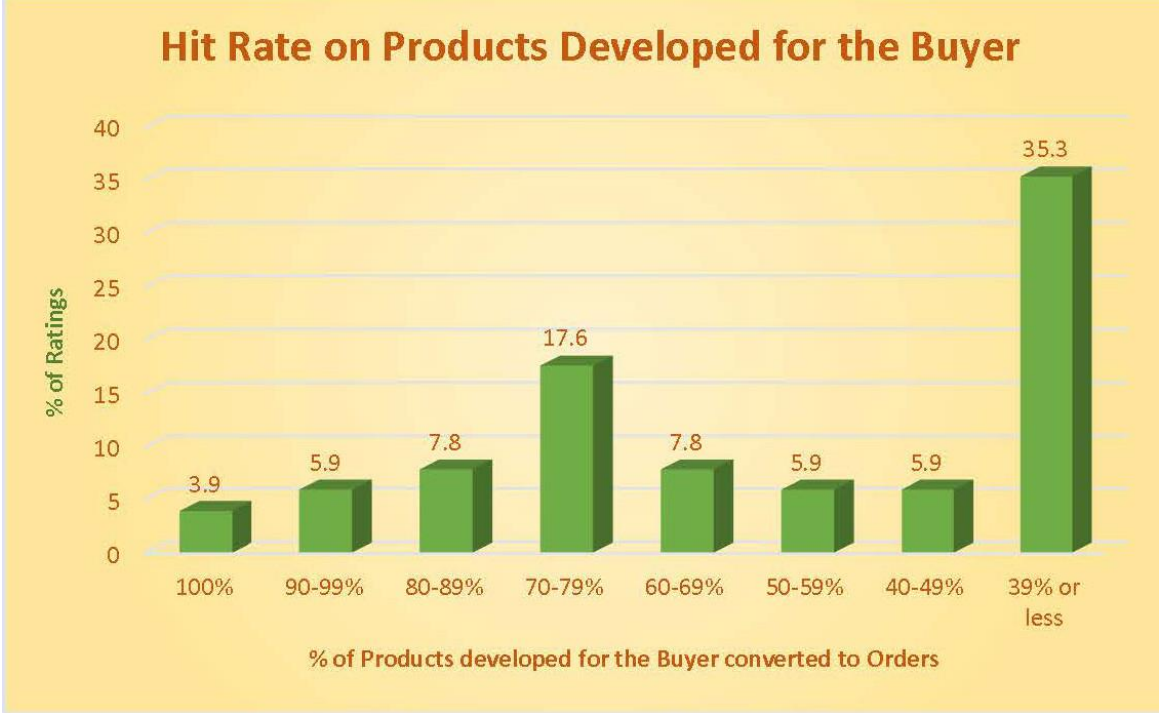
The design and development phase of bringing products to market is important to examine because of how costly it is to suppliers and the delays that can occur. When delays happen, they eat up critical lead time before the supplier can get started with the order. Suppliers employ their best assembly staff in sample-making roles and there can be lots of back and forth as designs are refined and approved by the buyers.

Employees inside the buyer company wait for handoffs of critical information before they can perform their work, so delays early in the process compound, causing further delays and inefficiencies. Poor quality, inaccurate information, or incomplete information handed off on time doesn't make the process more efficient—it just means the person waiting will have to guess what is wanted and fix the “mistake” later, or chase the accurate information. We know suppliers who have been caught in the trap of having to quote a price for a garment before the buyer works out the details of what they want—and then they are stuck providing the more expensive product at the original price quoted.

An initial Better Buying question establishes whether the supplier submitting ratings developed products at the request of the buyer. In the pilot test, 92.2% of the ratings responded that they did.

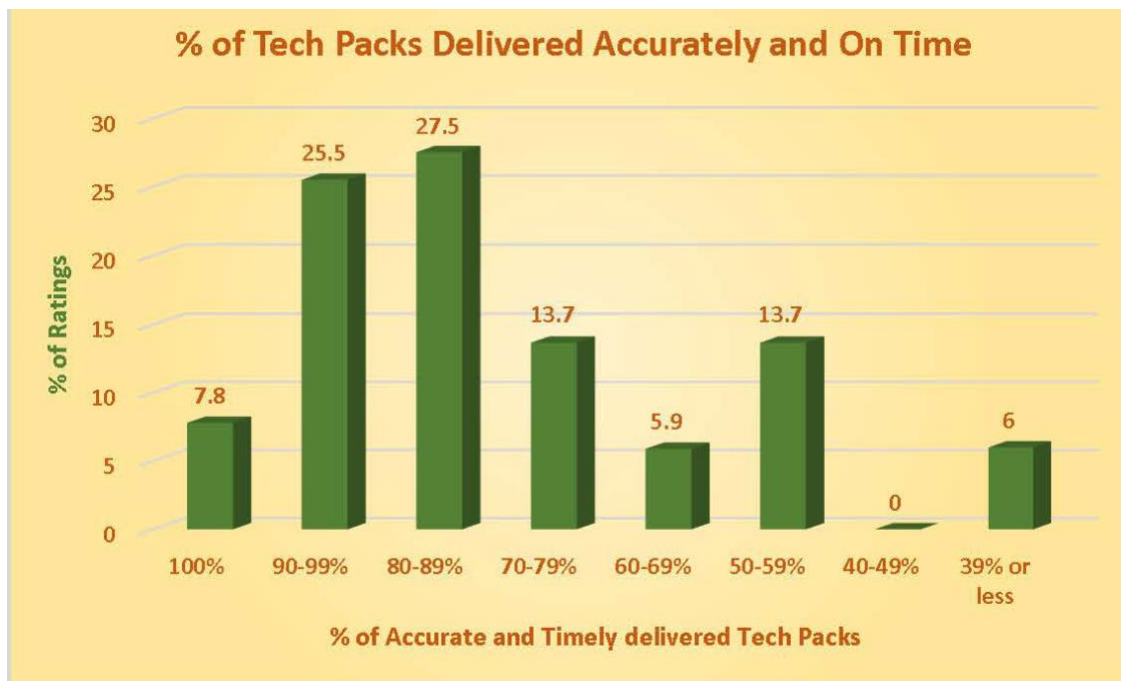
Are some suppliers putting a lot into sample development and then not getting orders? We asked of the products suppliers developed at the request of the buyer they were rating, what percentage did they receive orders for? A little over one-third (35.2%) received orders on 70 to 100% of the products they developed, but about the same percent (35.3%) reported receiving orders only 39% or fewer of products they developed, which is a low “hit rate.”

Why wouldn't a supplier who developed the product for the buyer receive the order? Chances are their quote for production was higher than another supplier, who wouldn't need to recover costs sunk into development.



Another important question asked in the Better Buying ratings system is: What percent of the buyer's tech packs were delivered accurately and on time? As you can see in the chart below, fewer than 8% of ratings indicated that the supplier received all its tech packs from the buyer delivered accurately and on time. Nearly

20% of ratings indicated fewer than 60% of a buyers' tech packs met this standard.



How can you use the information Better Buying provides about design and development?

Delays and inaccuracies in design and development happen for a range of reasons and can vary a lot by the buyer company, who will need to investigate those. You might implement a tracking system to determine where delays and incomplete work are occurring, then investigate why. It might be due to understaffing in a certain area, lack of knowledge/skill needed for technical specification, or any number of reasons. Tying accurate and on time work to the incentive system will reinforce requests for improvements.

Suppliers, when Better Buying scores are publicly available, you'll be able to compare your experience with hit rate, for example, with that of the other suppliers rating the buyer. If yours is low relative to the others, you may want to rethink the value of development and sampling work for that buyer, or at least negotiate to get those costs paid for up front.

Our goal with the chapters of our pilot test report is to help you understand what Better Buying is measuring and how to use the information that will be provided.

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