

# Better Buying™ Deep Dive Report



2021: VOLUME 2, NUMBER 1

## “Better” Design, Development, and Calendar Management

Design, development, and calendar management practices include the range of activities required to develop new products according to a buyer’s specifications and produce them within a buyer’s timelines. Suppliers infuse this process with their own expertise, contributing their own innovative design ideas and helping to problem-solve tricky design concepts and more efficient processes. Beyond this, suppliers invest significant time and resources into developing samples and confirming specifications to help ensure production runs smoothly and product quality standards can be achieved. Time-and-action calendars then lay out each step of the process - along with deadlines for completion - in order for designs to be produced and shipped during the buyer’s desired shipping window.

### KEY TAKEAWAYS FROM THIS REPORT



**1**

At least half of the companies that have engaged with Better Buying™ over two consecutive ratings cycles converted more samples into orders, improved their tech pack accuracy, and increased their adherence to deadlines for critical milestones.



**2**

The most frequent efforts used to improve sustainability through Design and Development included giving feedback on the reasons for rejecting samples, setting a target price prior to starting development, and working to improve the conversion rate or requested samples into orders.



**3**

Buyers that adhered to all critical milestones set in the TNA calendar also provided their suppliers with more accurate tech packs.

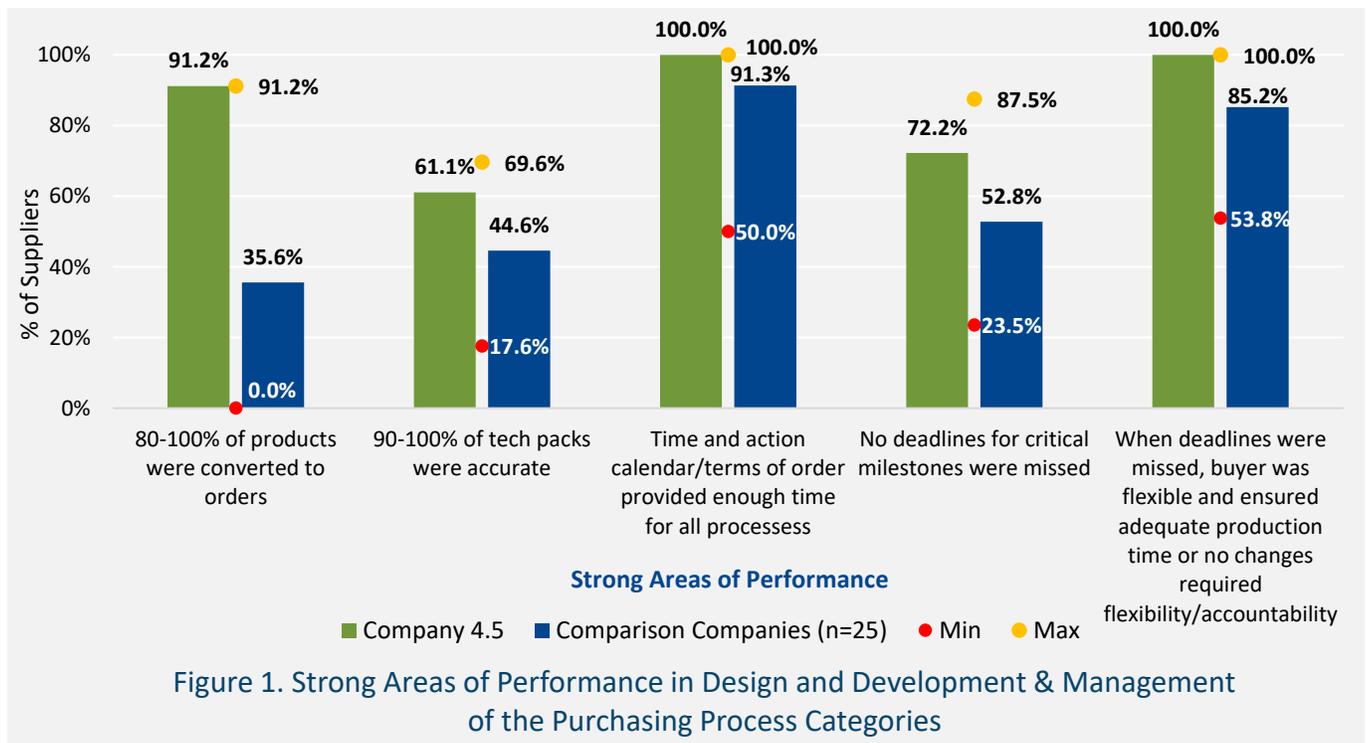


Within this analysis we also considered some aspects of buyers’ performance in the Management of the Purchasing Process category, which measures, for example, buyers’ adherence to deadlines for critical milestones (the most heavily weighted practice in this category) and whether enough time was provided for all processes. We specifically examined how certain Design and Development practices might have interacted with or influenced a buyer’s Management of the Purchasing Process. Therefore, performance in this category will be reported alongside Design and Development performance where relevant.

This report relies on data collected during the Q4 2019 ratings cycle, with the first section focusing on that collected for the 25 brands and retailers that received company reports. A total of 100 points is possible in both the Design and Development and Management of the Purchasing Process categories and companies that scored well in one category frequently scored well in the other. Combined numerical scores for these categories ranged from 143.4 to 181.7 points, with an average score of 158.8 (or 3.5 stars). The best scoring company, Company 4.5, belongs to the Apparel, Accessories, and Luxury Goods buyer type and received a combined score of 181.7, equivalent to 4.5 stars.

### ABOUT THE BEST SCORING COMPANY

Company 4.5 earned a numerical score of 82.9 (3.5 stars) in Design and Development and had the second-highest score in Management of the Purchasing Process (98.8, or 5 stars) - the average scores across all 25 companies were 67.4 and 89.9 points respectively in these two categories. This company invited select suppliers to participate in the ratings cycle and achieved a response rate of 79.5%. Company 4.5’s performance compared to the 25 companies in our analysis, as well as the highest and lowest scores earned by companies on the key Design and Development and Management of the Purchasing Process practices highlighted in our analysis, is shown in Figure 1.



## Conversion Rates

Company 4.5 had the strongest performance on converting the products developed by its suppliers into orders. A total of 91.2% of Company 4.5’s suppliers reported they received orders for 80-100% of the products they developed, compared to only 35.6% of suppliers for the other companies in our analysis. Converting product development into purchase orders is often the only way suppliers recoup their investment. Significant time and resources go into developing products that will meet the needs of each customer - with poor conversion rates, the financial pressure on suppliers quickly balloons. One supplier captured this problem saying, “Much time, effort, and money is put into developing products and then given to another supplier who doesn’t incur the same development costs.” Another mentioned “there is a lot of counter-sourcing, this is not beneficial for suppliers.

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## Tech Pack Accuracy

While Company 4.5 did not have the strongest performance in tech pack accuracy, one of its peers in the Apparel, Accessories, and Luxury Goods buyer type did. That company had 69.6% of its suppliers reporting 90-100% of tech packs were accurate, compared to 61.1% of Company 4.5’s suppliers. Average performance for this practice was 44.6% of suppliers. Even for the highest-scoring company, there is substantial room for improvement in tech pack accuracy. Incomplete or inaccurate tech packs increase suppliers’ costs and tighten their timelines - a recipe that only increases risks in the workplace. For example, one supplier shared that in the materials provided by their buyer, there are “sometimes conflicts or lots of details need to be clarified with team in time, but sometimes they are not revised or corrected before proceeding with samples.” This supplier mentioned they were “worried the samples we proceed might not meet brand’s need or expectation.”

## Time and Action Calendars

Practices included in the Management of the Purchasing Process category are greatly influenced by those at the Design and Development stage, as inaccurate details or missed deadlines early in the process have a cascading effect on the rest of production. All of Company 4.5’s suppliers reported that the time-and-action calendar or the terms of the order provided enough time for all processes, compared to 91.3% of suppliers reporting this across all 25 companies. While it is important for the calendar or the terms of the order to provide enough time, the benefit from this practice is only realized if deadlines are adhered to and any changes are made within the time allotted. Some suppliers reported that even when the planned calendars had sufficient time, changes that their buyers made to tech packs and other order details made it difficult for suppliers to meet deadlines. For example, one supplier commented, “Planned times between order placement and shipment were clearly communicated and sufficient. Actual timing between having orders ready to produce - approved art, blanks, and trim materials - created frequent changes that challenged the planned calendars.”

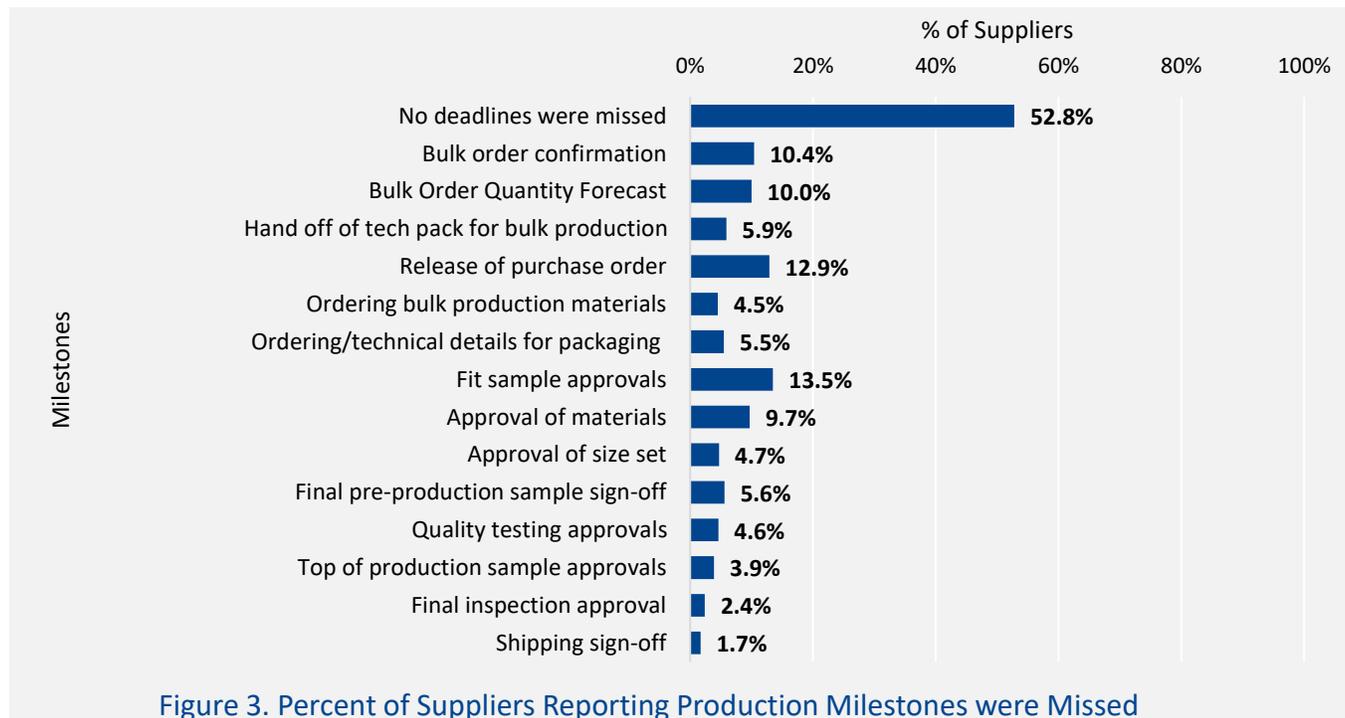
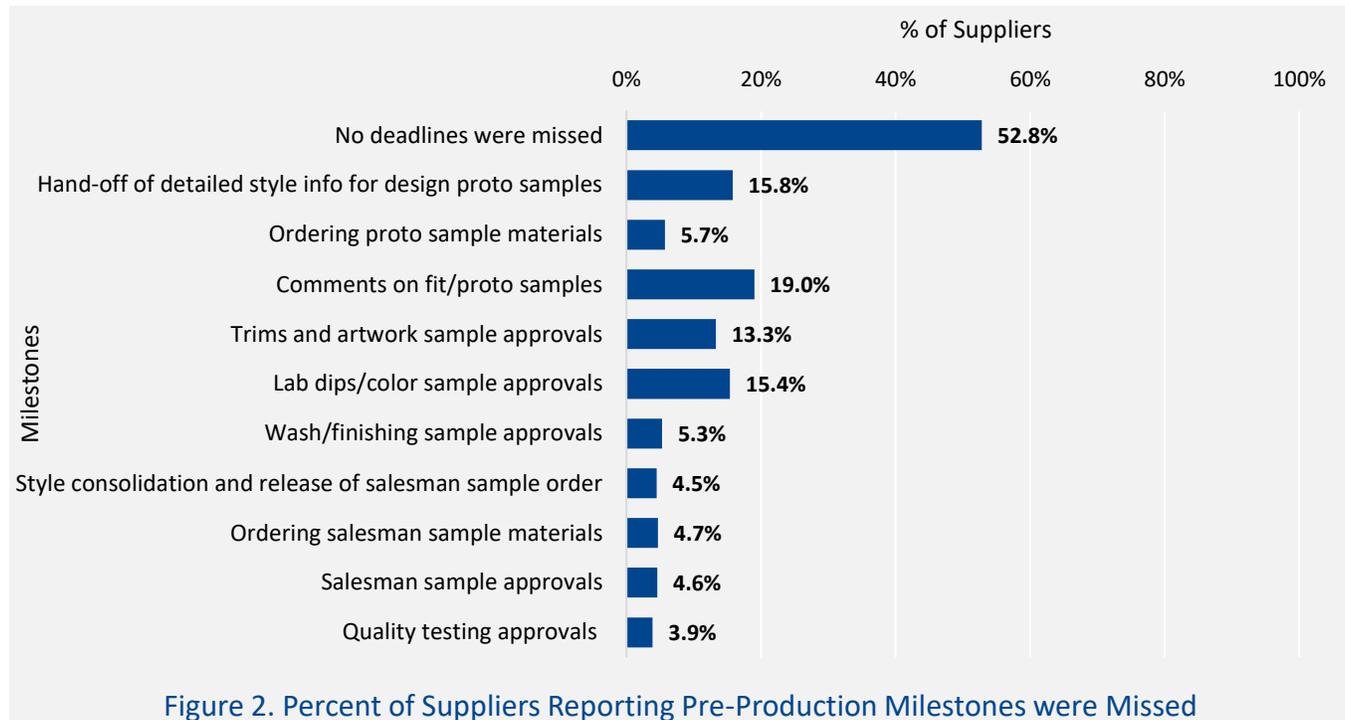
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## Deadlines for Critical Milestones

To measure buyers’ adherence to deadlines, Better Buying™ asks suppliers to indicate whether deadlines were missed for a broad selection of pre-production and production activities. Across the 25

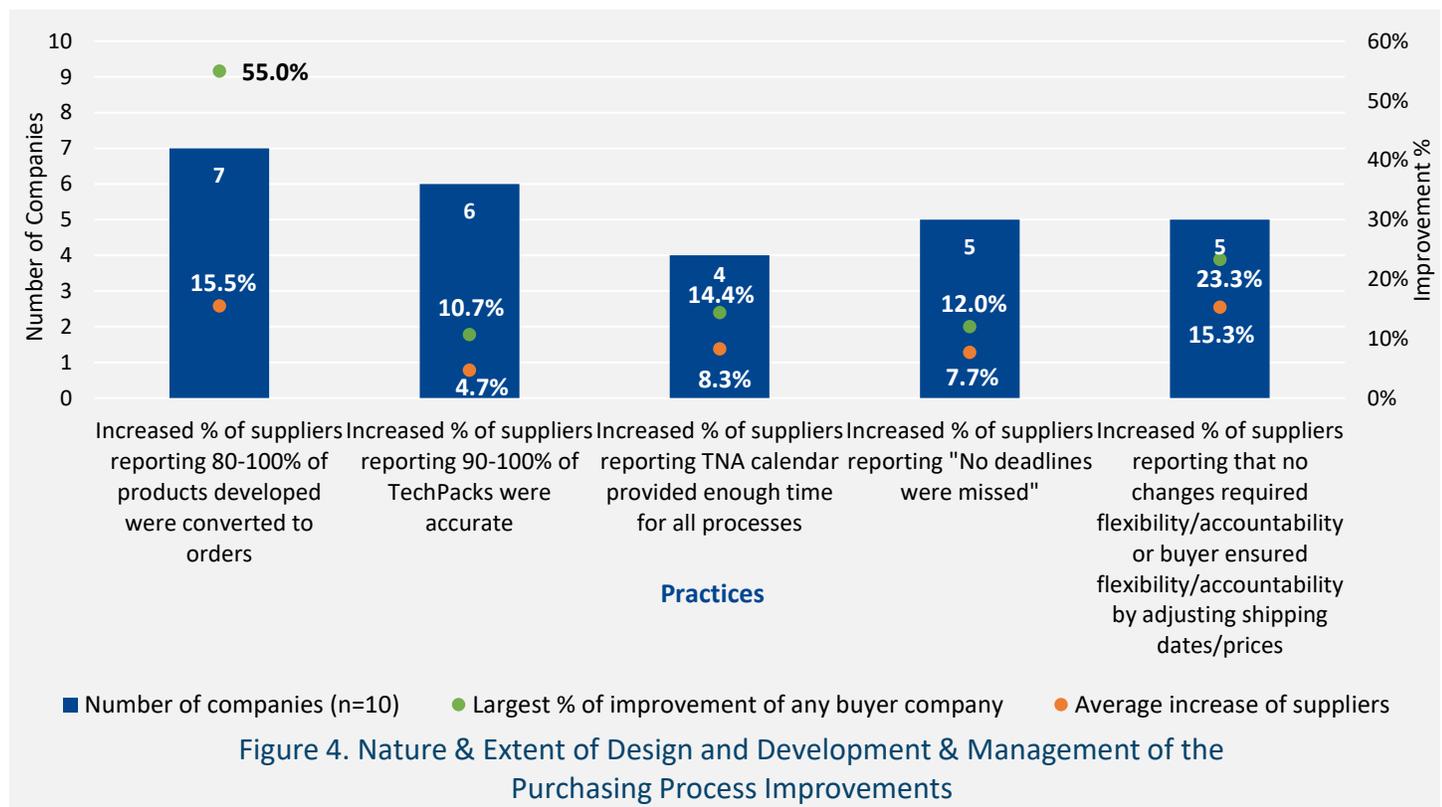
companies, 52.8% of suppliers indicated that no deadlines were missed. The most frequently missed milestones for pre-production included comments on fit/proto samples (19.0%), hand-off of detailed style information for design proto samples (15.8%), and lab dips/color sample approvals (15.4%). For production deadlines, the most frequently missed were fit sample approvals (13.5%), release of purchase order (12.9%), and bulk order confirmation (10.4%, see Figure 2 and 3).



Company 4.5 had strong performance compared to the other companies in our analysis, with 72.2% of its suppliers reporting no deadlines were missed. In cases where deadlines were missed, all of Company 4.5's suppliers (compared to the average of 85.2%) reported either that no adjustments were needed, or that the buyer showed flexibility in adjusting shipping dates and/or prices to ensure adequate production time. Six other companies had similar performance on this practice, while one company had only 53.8% of its suppliers reporting they showed flexibility.

## YEAR-OVER-YEAR IMPROVEMENTS

Ten companies participated in the last two Better Buying™ ratings cycles in Q4 2018 and Q4 2019, allowing us to analyze how their purchasing practices have changed over the course of two years (Figure 4). Seven of the 10 companies had more suppliers reporting 80-100% of the products they developed for their buyer were converted into orders. Average improvement on this measure was 15.5%, with one company improving by an impressive 55.0%. Six of the 10 companies also improved their tech pack accuracy: on average, 4.7% more suppliers reported 90-100% of their buyer's tech packs were accurate. When it came to Management of the Purchasing Process, four companies had more suppliers reporting the time-and-action calendar provided enough time for all processes - average improvement for these four companies was 8.3%. Half of the companies made improvements in adhering to deadlines for critical milestones and in being flexible and accountable in cases where order changes were made. Average improvement on these two practices was 12.0% and 15.3%, respectively.



## SUSTAINABILITY EFFORTS

Beginning with the 2019 ratings cycle, Better Buying™ added questions to the BBPPI to capture a more holistic view of the sustainability impacts of buyers’ practices. One of the areas we examined was buyers’ efforts to improve sustainability at the design and development stage. This is a critical point for avoiding and eliminating waste, and many of the efforts reported by suppliers do not require expensive investments or drastic changes to a buyer’s workflow.

Company 4.5’s suppliers reported the company uses seven of the 11 efforts about which Better Buying™ collects data to improve sustainability through Design and Development. The most frequently cited effort across all 25 companies was “Giving feedback on reasons for rejecting samples,” reported by 63.8% of suppliers (Figure 5). In addition, setting a target price prior to starting development, working to improve the conversion rate of requested samples to orders, and limiting numbers of physical samples were each reported by more than half of suppliers across the 25 companies. Without such efforts, it is not uncommon for suppliers to face the following scenario described by one supplier: “Prices and samples were submitted for a product, received no comments then was pushed to improve prices 3 months later and didn’t receive orders.” Providing feedback on rejected samples and setting target prices in advance of development can help reduce waste in the sampling process in terms of employee time, amount of materials used, and money spent - leading to social, environmental, and financial savings for suppliers.

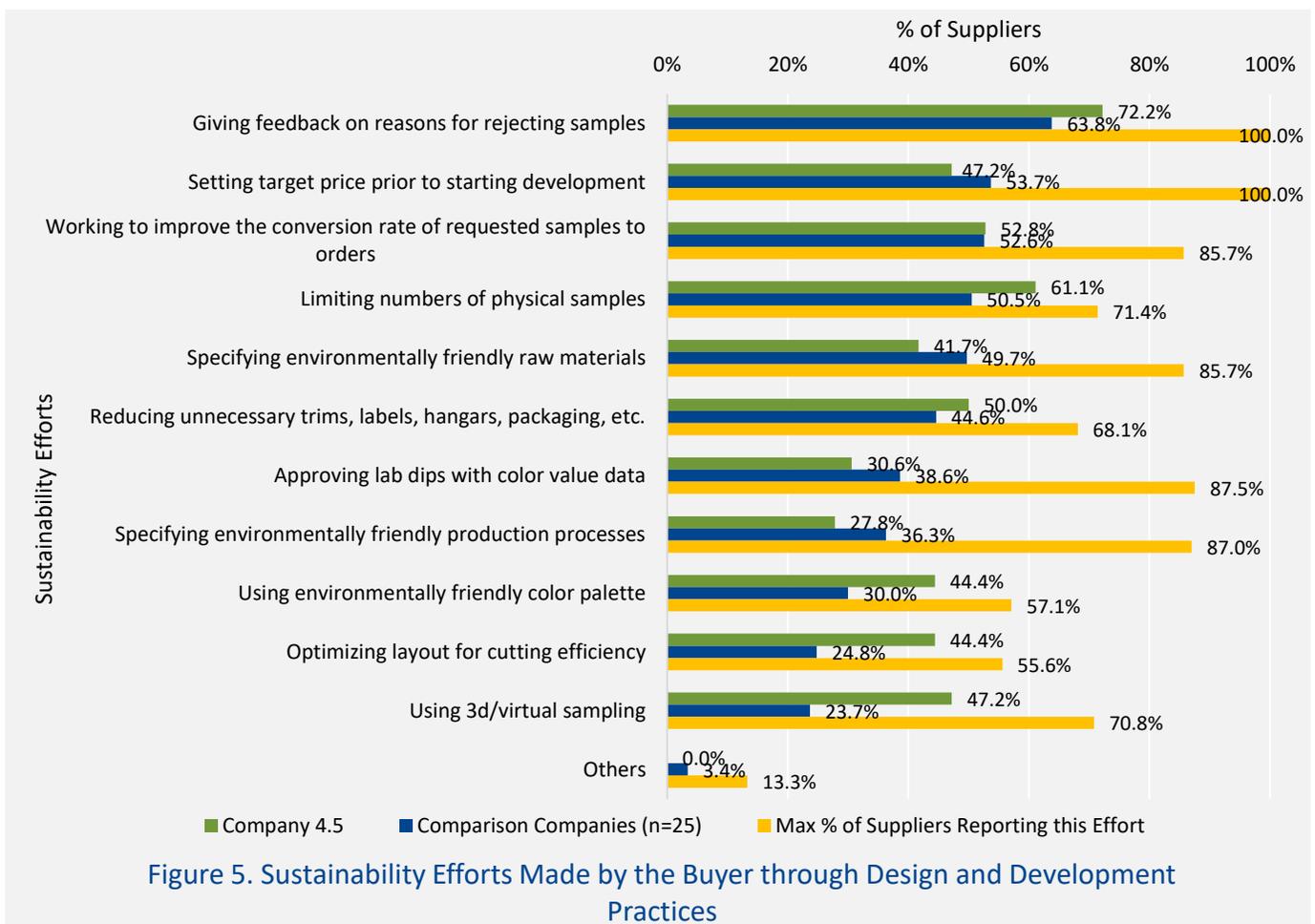


Figure 5. Sustainability Efforts Made by the Buyer through Design and Development Practices

It is important to note that in buyers’ efforts to improve product sustainability, suppliers might face “added pressure to use sustainable materials and methods, which are not cost neutral in many cases.” Buyers need to take care that with their efforts to improve social and environmental sustainability they are not creating a situation where the “cost of sustainability responsibility comes only to vendors and suppliers.” Suppliers’ financial sustainability is a critical component of achieving social and environmental sustainability long-term.

## WHAT DOES “BAD” LOOK LIKE?

The company with the lowest combined score in the Design and Development and Management of the Purchasing Practices categories, Company 2.5, earned a combined numerical score of just 143.4 points (2.5 stars). Over 15% of Company 2.5's suppliers reported less than half of the products developed for the buyer converted into orders. Furthermore, 11.5% of suppliers reported less than half of the buyer’s tech packs were accurate. Relative to the other companies in our analysis, Company 2.5 also had weaker performance in Management of the Purchasing Process with a score of 78.9 points - 22 of the companies in our analysis scored higher than Company 2.5 in this category. Although all the suppliers of Company 2.5 reported receiving a time-and-action calendar, 15.4% of the suppliers reported they were not provided enough time for all processes. Additionally, half of the suppliers reported Company 2.5 missed one or more deadlines for critical milestones. This company’s poor tech pack accuracy is likely one of multiple reasons contributing to its inability to adhere to deadlines for pre-production and production. Furthermore, when the buyer missed deadlines, 46.2% of suppliers of Company 2.5 reported that the buyer did not amend ship dates and prices to accommodate for the delays.

## A DEEPER LOOK INTO DESIGN, DEVELOPMENT, AND CALENDAR MANAGEMENT

Better Buying™ investigated how certain Design and Development practices influence one another, as well as how these practices intersect with performance in the Management of the Purchasing Process category. The findings in this section draw on all 873 ratings submitted during Q4 2019, not just those submitted for the 25 companies that received 2020 reports.

Following are relationships we confirmed:

- Suppliers with higher conversion rates had more buyers that provided feedback about rejected samples<sup>1</sup> and that limited the number of physical samples.<sup>2</sup>

<sup>1</sup> Suppliers that reported receiving feedback about rejected samples had higher conversion rates (over 69% on average) [ANOVA F(1,828) = 21.51, p=.000]. As compared with 36.1% of all suppliers reporting a high order conversion rate (80-100%), nearly three-quarters of suppliers reported that they received feedback about rejected samples (Pearson’s Chi-square=22.05, p=.000, n=829).

<sup>2</sup> Suppliers that reported their buyers limited the number of physical samples had higher conversion rates (over 69% on average) [ANOVA F(1,828) = 9.45, p=.002]. As compared with 36.1% of all suppliers reporting a high order conversion rate (80-100%), 58.2% reported that their buyer limited physical samples (Pearson’s Chi-square=10.31, p=.006, n=829).

- Buyers that adhered to all critical milestones set in the TNA calendar also provided their suppliers with more accurate tech packs.<sup>3</sup>



### WHAT ARE SUPPLIERS ASKING FOR?

Suppliers had several suggestions for how their buyers could improve their Design, Development, and Calendar Management practices. By far, the most frequent suggestion was to provide on-time and accurate tech packs or other product specifications. Suggestions such as “doing a thorough review [of] tech packs before sending them out, and eliminating inaccurate information” and “to check carefully

“It would be useful if buyer could rely on our expertise more, instead of imposing unnecessary restrictions through tech packs...We would be happy to work with buyer on their designs, but would appreciate if buyer could listen and be more understanding of our feedback on those designs.”

before finalizing” point to the need for more attention to detail and potentially a need for additional training on the buyer side. While it is important to provide details as soon as possible for production to proceed, mistakes at this stage will create delays for all subsequent steps and should be avoided as much as possible. To address these challenges, one supplier said, “It would be useful if buyer could rely on our expertise more, instead of imposing unnecessary restrictions through tech packs...We would be happy to work with buyer on their designs, but would appreciate if buyer could listen and be more understanding of our feedback on those designs.”

Another frequent suggestion was to make the transition to 3D or virtual sampling. Several suppliers expressed that this would not only reduce the number of physical samples required, but it would also help speed up the development process. A few suppliers suggested a hybrid approach - relying on physical samples in some cases while transitioning to 3D/virtual sampling in others - noting that “some key design & colors needed to see in physical sample but remain[ing] colors can be considered by CAD or 3D design, not physical sample.” By and large, suppliers noted the time and cost savings that could be achieved by adopting this technology.

<sup>3</sup> As compared with 53% of all suppliers reporting that their buyer did not miss any deadlines for critical milestones set in the TNA calendar, 57% reported a high tech pack accuracy (90-100%) (Pearson’s Chi-square=58.50, p=.000, n=873).

Suppliers also had several suggestions around communication during the design and development process. Improved methods of communication in general are needed, with multiple suppliers requesting direct communication with designers. For example, “the buyer's designer can directly communicate with supplier's designer to get the faster & proper feedback” and “Communication is the key, fast response is required with the designer directly.” Beyond this, suppliers also requested improved communication regarding feedback on the samples they develop. Such feedback is helpful for the supplier to “understand the reason behind [a style being dropped] so next time when starting a new development, supplier can help to take into consideration about the difficulty.” Comments on rejected samples also need to be provided in a timely manner, ideally within 5-7 days of receipt according to supplier comments.

Regarding calendar management, suppliers emphasized the need for complete and accurate details along with timely approvals at each step of the process. Multiple suppliers requested more details be provided, saying, “Please help to provide (email) the details when issue the official orders” and “Release buys along with style breakdown to avoid back & forth reworking.” When provided, these details need to be accurate and approved in advance of order placement: “Please make sure material quality standards/Lab-dips/test requirements are approved before placing bulk orders.” If the process does not allow sufficient time for each step, suppliers won't have the inputs they need to move forward with production.

Communication issues also surfaced related to calendar management, echoing many of the concerns raised in design and development. These comments ranged from requesting advance notice of order changes to using more efficient means of communication and increasing the speed of feedback. For example, one supplier said, “For order commitment, strongly encourage team to send alert/notification to vendors if any changes or updates in the commitment then it can be save a lot of time and workload to cross checking the complete set of commitment.” Another commented, “A speed boost on approval process will be greatly helpful.” Additional themes related to improvement in design, development, and calendar management are captured in Table 2.

THEME	# OF MENTIONS	SAMPLE QUOTES
Provide on-time and accurate tech pack or product details	51	We can give our feedback correctly if we have the artwork, base color, fabrication, measurement spec from the day we receiving development request.
Provide on-time and detailed feedback on samples developed	22	I would suggest more specific comments in terms of strike offs.. re "Blue needs to be darker" is not specific enough. Suggest "Blue needs to be 10% darker"  Hope can get the feedback on fabric quality , strike off , handloom more quicker
Switch to 3D sampling or virtual sampling	20	Hasten to apply 3D Digital on Design and Development
Improve Communication	15	If the buyer's designer can directly communicate with supplier's designer to get the faster & proper feedback.

Reduce number of sampling requirements	15	We suggest [buyer company name] to reduce colorway requirements and total units required for LA samples and photoshoot samples.
Share info about upcoming market trends, certification requirements, etc.	11	Suggestion to have monthly casual catch up meeting with design team to share what is selling or any white space opportunity that we can work in advance as R&D.
Enhance Collaboration	9	Suggest brand can built a on-line discussion forum for each style, vendor can have callout on the forum and receive brand's advise overnight. System can send any New Add or New Reply notice mail to vendor and brand to avoid any question missed for clarify
Provide reference sample for new designs	8	For the new shape design, provide the Reference sample for following
Release order on-time with all details	8	Need po arrived without delay with size breakdown so we can order the greige,not a email order confirmation only
Set target price before sample development	7	It would be great if customer can come up with a reasonable est. price based on the designed they set up and material they chose
Improve order conversion rate	6	conversion rate from sampling to order should be 60-70% at least
Approve all requirements before placing order	6	Please make sure material quality standards/Lab-dips/test requirements are approved before placing bulk orders.
Provide accurate and detailed product information on-time	6	Make sure all details is accurated before release commitments and POs to avoid back and forth for the actions of check/amend.
Provide timely approvals	6	Just hope client can approval the samples as soon as possible
Other themes		Suppliers suggestions on using simplified packaging materials, consolidating orders, improvising system tools, and other isolated themes, were coded under the other themes.

**Table 2. Suppliers' Suggestions for buyers to improve Design, Development, and Calendar Management practices**

## BETTER BUYING™ CHECKLIST FOR IMPROVING DESIGN, DEVELOPMENT, & CALENDAR MANAGEMENT

- ✓ Subscribe with Better Buying™ to understand the risks and opportunities in your company’s performance and identify focal areas for improvement.
- ✓ Set target prices prior to starting development - engage with your suppliers to understand whether your target price is reasonable or if your design needs to be adapted.
- ✓ Provide feedback on rejected samples and listen to suppliers’ suggestions for how to improve designs or make them more production-friendly.
- ✓ Incorporate improved conversion rates (aim for 80-100%) into your environmental sustainability strategy to reduce sampling waste.
- ✓ Demonstrate partnership with your suppliers by giving them orders for products they develop rather than instigating a bidding war amongst their competitors.
- ✓ Develop a mutually-agreed time-and-action calendar with your suppliers that provides sufficient time for each step. When delays occur, review the timeline with your suppliers and adjust accordingly.
- ✓ Prioritize timely feedback as a way to improve adherence to deadlines; do not put your suppliers in a position where they have to move forward with incomplete or inaccurate information.
- ✓ Invest in tools that will improve the timeliness and accuracy of design-related details. Avoiding mistakes and delays can unlock cost savings and offset the cost of such investments.

### ABOUT BETTER BUYING™

Better Buying Institute reimagines supply chain sustainability, leveraging data to strengthen supplier-buyer relationships and improve purchasing practices that drive profitability while protecting workers and the environment. Our goal is to accelerate industry-wide transformation of buyer purchasing practices so that buyers and suppliers create mutually beneficial business relationships that achieve shared goals of profitability and social and environmental sustainability. Better Buying’s programs provide retailers, brands, suppliers, and industry with data-driven insights into purchasing-related activities. The transparency we deliver to supply chain relationships promotes sustainable partnerships and mutually beneficial financial and other outcomes. Visit our website: [www.betterbuying.org](http://www.betterbuying.org).

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