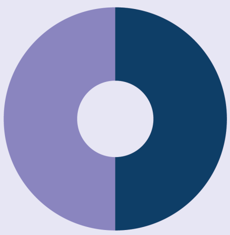
Monthly Order Variability

]Monthly Order Variability (MOV) reflects the changes to the total number of pieces or pairs a supplier ships to its customer from month to month, including the peaks and valleys of high seasons, low seasons, and everything in between.

Our analysis revealed 3 key influencing factors for negative impacts on suppliers as a result of MOV: 1. the percent of a supplier's production capacity dedicated to a particular buyer 2. the length of time a supplier has worked with a buyer 3. the ORR% (Order Risk-to-Reward) percentage, which measures how much monthly unit volume varies from average order volume over the course of a year.

Better Buying Institute is helping brands and retailers improve their purchasing practices related to Monthly Order Variability.



50%

For the 25 companies in our analysis, over 50% of suppliers indicated that they experienced sustainability impacts from their buyer's MOV.

The most frequently reported business impacts of MOV

- Increased operating, warehousing, and/or logistics costs
- Reduced factory efficiency and productivity
- Higher costs of raw materials and component parts

Reducing Monthly Order Variability is critical in managing financial, social and environmental impacts. Improved practices can:

- Provide more stable employment for workers, increase worker productivity, and reduce the use of overtime, subcontracting, and temporary labor
- Reduce management and worker stress
- Improve product quality, reduce operating costs, and boost profitability
- Cut down on material and water waste, reduce the use of hazardous chemicals, and reliance on air freight