



# Better Buying™ Supplier Roundtable Report

## Monthly Order Variability (MOV)



### WHAT IS A BETTER BUYING™ ROUNDTABLE?

The Better Buying™ Roundtable is a new forum enabling suppliers to come together in a safe space to co-create solutions to the challenges caused by poor purchasing practices. Participation is sought from suppliers of all sizes and types around the world, and from professionals in varied job functions. The anonymity of all participants is protected, with names and other identifying information kept completely confidential.

Better Buying™ Roundtables provide suppliers an opportunity to contribute to industry change by voicing their ideas and defining how success is measured when it comes to improving purchasing practices.

### CO-CREATING SOLUTIONS AND DRIVING SUCCESS

Buyers are looking for solutions to the complex challenges they face in improving their purchasing practices. Because they work with multiple customers,

suppliers are uniquely placed to offer invaluable insights and identify new ways of working that share risks and enhance the likelihood of brands, retailers, and suppliers achieving their shared sustainability goals.

### SUPPLIER ROUNDTABLE #1:

The first series of Better Buying™ Roundtable discussions was conducted in June 2021. Ten individuals participated in one of three two-hour Zoom sessions, representing seven different companies, widely ranging in size and headquartered in six different countries/regions (Figure 1). Most companies were apparel or footwear manufacturers, with a sports equipment manufacturer and a wholesale trader also represented.

Before the Roundtable, participants were sent a short briefing document including scenarios with different degrees of MOV, the general questions that would be discussed, logistical details, and principles of participation including confidentiality, non-attribution, respect for one another's ideas, and active engagement in the discussion.

JOB FUNCTION		COMPANY SIZE		SUPPLIER HEADQUARTERS	
• General Manager / CEO	3	• US\$25 to US\$49 million	1	• Bangladesh	1
• Sales / Marketing Managers	5	• US\$50 to US\$99 million	5	• China / Hong Kong	4
• Business / Finance / Accounting Managers	1	• US\$100 to US\$249 million	2	• India	2
• CSR / Compliance Managers	1	• US\$500 to US\$999 million	1	• Sri Lanka	1
		• US\$1 billion to US\$4.9 billion	1	• Thailand	1
				• Vietnam	1

Figure 1. Better Buying™ Roundtable Participants' Company Information

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## MOV: WHAT DO WE ALREADY KNOW?

The apparel industry has historically seen orders vary throughout the year – weather patterns and important holidays and events have led to seasonal demand for products like winter coats, backpacks, and resort wear. Seasonal fluctuations in demand and the need to contract and expand factory space and workforce size led many apparel brands to give up ownership of factories in the 1980s and 1990s and outsource production. Contracted apparel suppliers have accommodated customers’ requests for flexibility by producing varied product categories for multiple brands. They booked several customers who needed products at different times of the year and presumably maintained steady production and a stable workforce.

More than half of suppliers now report to Better Buying™ that MOV on the part of their customers is resulting in negative impacts on their businesses, workers, and their environmental performance. But analysis of data collected on the topic for the Better Buying™ Purchasing Practices Index revealed some unexpected findings: those suppliers reporting negative sustainability impacts were those whose customers had some of the lower rates of MOV, while those suppliers who had long-standing relationships with customers, or where a buyer took a larger share of the supplier’s production capacity, were more likely to report negative impacts from MOV. The Better Buying™ Supplier Roundtable sought to gather additional insights on this complex topic, and determine whether other factors, as well as MOV, contribute to whether a supplier experiences negative impacts.

## THE BUSINESS CASE: WHY SHOULD BUYERS ACT TO REDUCE MOV?

Business benefits to buyers of acting to reduce MOV and its related factors include priority service from valued suppliers, cost savings, better product quality, and progress on delivering on worker and environmental sustainability goals.

## HOW MUCH IS TOO MUCH?

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**“There is unexpectedly high variability with orders for core products that are presumably unaffected by fashion cycles and traditional seasonal demand, but there is even higher MOV for fashion products.”**

As problems with excessive overtime and unauthorized subcontracting surfaced over the past few decades, it was the so-called “greedy” suppliers who were blamed for booking more capacity than they could produce under regular working hours, to ensure that their factories ran at full capacity even when buyers reduced order volumes at the last minute. While presumably having no differences in the volume being produced for customers from month to month and no changes made after projections are made would be the ideal solution for suppliers and allow for stable employment and hours of work for workers, this is probably unachievable for most apparel companies.

### **A key question is how much variability can be tolerated by suppliers without negative impacts on their businesses and challenges to their legal and code of conduct compliance?**

Data collected annually from suppliers around the world when completing the Better Buying™ Purchasing Practices Index provides new insights into the extent of MOV, the problems it creates, and how buyers can work differently to reduce the negative impacts.

Our data demonstrate that large swings are common in buyers’ monthly order volumes. There is unexpectedly high variability with orders for core products that are presumably unaffected by fashion cycles and traditional seasonal demand, but there is even higher MOV for fashion products.

## WHAT WE LEARNED FROM THIS SUPPLIER ROUNDTABLE

This report provides a complete summary of the results of the Supplier Roundtable. Key insights have also been incorporated in the Better Buying™ Deep Dive Report on Monthly Order Variability published in July 2021.

## External Pressures from Seasonality and Fashion

The term “seasonality” has historically referred to large fluctuations in demand dictated by holidays, major events, and weather patterns. It now also incorporates distinctions in fashion consumers’ buying patterns during short fashion cycles and the strategies brands and retailers use to react: waiting until the last minute to decide on what and how many products to have produced, timing deliveries so that they have the greatest confidence in sales and the least inventory liability, and embedding many opportunities to abort the original plans and react to new insights (Table 1).

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>External Pressures</b>		
Seasonal Products	16	<p>In my business the product doesn't have a season, the longer we work with a customer, the more we expect the variability. We have enough data to expect January or April will be big, when we have the data the variability doesn't affect us as much</p> <p>We are more of a fashion/seasonal kind of supplier, in our region we are more of a spring/summer kind of supplier, fall/winter drops down. During fall holidays, we have a struggle – the very large customers that we have, four of them comprise 70% of our capacity, they don't have much fall/ holiday business. Need to fill in these seasons with other brands</p> <p>any season is spread across a few months, high in first couple months, then trends down and in the fourth month the next season kicks in</p>
COVID	5	[The buyer] They used to have 1 million per month, but because of COVID production dropped to 500k only
Everyone Wants Product at the Same Time	3	<p>Peak season now is from June/July until November, in that period everybody wants an order – the problem is, in that peak season, all of the customers want the order at the same time</p> <p>we are getting more orders from all the customers, especially UK, Europe, US in spring/summer, March/April, whereas fall and holiday we are getting less orders – everyone wants products at the same time</p>
Small Companies	1	Buyer who is irresponsible, changing the order without any advance notice, mostly this is a small buyer

Table 1. External Pressures Faced by Suppliers

## Buyer-Driven Pressures

Many brands and retailers, especially those selling fashion products, are not very good at planning and ordering for this “new,” short-cycle seasonality in fashion products. Buyers react instead of plan – making the wrong decisions too late, making too many changes to the orders and ship dates at the last minute, chasing sales, not paying for the flexible service they expect (Table 2). Meanwhile, buyers themselves are inflexible with order and delivery terms. Responsibility for dealing with the outcomes of these pressures is left to suppliers.

**“Buyers react instead of plan.”**

### BEST PRACTICE



“One customer shared fairly accurate orders for the next three years. They make sure to fill their capacity. At least 4 months in advance they provide notice if capacity might be underutilized. We indicated to the brand that we needed to cut nearly 1 million pieces due to lockdown in India and the situation with COVID getting bad. At first the customer pushed back, but we stood our ground and the customer agreed. Last month, the customer was glad we told them back in February that the situation was getting bad so they could react and look to place orders elsewhere.”

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Buyer-Driven Pressures</b>		
Reacting Instead of Planning	19	
Last-Minute Numbers	7	<p>They don't really give a projection – their projections come much closer to the season, they come after the development has been done. Usually it is after product adoption that they give us the numbers - probably 1 or 1.5 months before the order confirmation month, about 60 days out is when the projections come in</p> <p>Fashion – they don't forecast, they don't reserve fabric, nothing until the numbers come in – this is when they start working</p>
Selling Fashion versus Core	6	<p>If a customer works with fast fashion styles, the variation is much more than if the customer works with a core program – buying year-round</p> <p>If we segregate into two segments: one who are regular core product manufacturer and one which is a fashion brand. Core – those brands are actually able to give a forecast, fill their capacities, the fluctuations are much lower – under 10%. Things are good, there is a longer projection, 3-year plan. Fashion – fluctuations are higher, a lot of them don't even give seasonal projections, they do a whole lot of development and we don't know how much of it will come, when it comes we take in what we can. More mature companies try to give a forecast, but their fluctuations are in the range of 60-70%</p>
Chasing Sales	4	fashion brands are all the same, can't say any one of them does anything different, they don't have projections, they work on how the market reacts
Shorter Lead Times	2	Brands are trying to be as accurate as possible – what they have realized is they need to react closer to the market to get that accuracy, but this means there is a certain amount of stress they are passing over to the factory
Changing Plans	12	
Changing Orders or Delivery Terms	6	one is at the time of placement they demand more, but closer to the time of delivery they ask for split POs, slowly moving delivery back by 1-2 weeks
Inaccurate Forecasts	4	The nature of the business is such that the brands are not able to project their numbers. They feel that if they give a number and they don't stick with it, they feel they are liable to it... Some want to be as accurate as possible – that is what pushes them closer to the season that they are booking
Not Filling Capacity	1	Another customer – reserves the capacity, gets the placement, and only on the day of placement they let the supplier know they can't fill the capacity
Substituting Low Margin Products	1	Sometimes they offer some complicated product which is not actually getting to their pricing scale

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Buyer-Driven Pressures</b>		
Planning	10	
Inflexible Ship Dates	4	When the customers demand for delivery/place an order, if it is a seasonal product, beginning of the season they demand 50% of the total for that particular season. If they can't cater that demand, the customer will move that order to another vendor, they don't want their sales reduced due to a capacity issue
Price Pressures	4	this is a business market, no matter if you say you want to be a good buyer, it always comes down to the money  In the case of mass retailers where price is the deciding factor, it's even more difficult because at the end of the day it's price – for a few cents they'll move the order
Avoiding Inventory	2	Earlier scenario was 120 days, 90 days lead time – now they don't want to have inventories, lead times are reducing to become shorter and shorter, so they are even more unpredictable. [They] buy a style, within three weeks they want more produced but in lower quantities – this adds stress to the factory, staff, worker, environment
Pushing Risks to Suppliers	9	
Not Taking Responsibility	5	If they commit [to a certain amount of] production, they need to take some kind of responsibility on that – sometimes they keep on giving production until the last minute, if the production goes down, they say “we don't have any options” then the supplier has to figure out how to fill the capacity – the buyer says, “it's your problem, it's not my capacity”
Transactional Buying	2	one month per one customer is practically not possible, we cannot keep the factory running
Internal Conflicts	1	Most of the time, the team who handles the compliance doesn't care about the delivery, and the team who handles the marketing doesn't care about the compliance
Pressuring Suppliers to Go Beyond Capacities	1	There are times when customers push us to take orders over and above our capacity

Table 2. Buyer-Driven Pressures on Suppliers

## How Suppliers Respond

Suppliers can manage a certain level of MOV, especially from buyers they have worked with over a few years. They review data on the buyer's historical performance, develop backup plans to cover unexpected changes, stage raw materials at their own expense and risk, and seek new customers or additional orders to keep production capacity filled during non-peak periods. Yet, the level of variability that can be managed without negative impacts on the supplier business or workers is less than the average variability observed in Better Buying™ data.

When things don't work out as planned and notification of changes is not shared in time to make measured adjustments, suppliers rush to adjust production by reallocating and pushing back or pulling up production of orders from multiple customers, reallocating capacity to different factories if they have them, or even giving orders to competitors (Table 3). Subcontracting is another response to high variability or changes to expected plans, though suppliers are well aware of the potential costs of unauthorized subcontracting. Adjusting human resources to accommodate MOV often involves overtime or increased use of temporary labor, both of which come with their own risks to workers' livelihoods and wellbeing. Discussing various options with buyers can lead to workable solutions that enable the necessary flexibility to produce the order while also protecting workers.

**Subcontracting is another response to high variability or changes to expected plans, though suppliers are well aware of the potential costs of unauthorized subcontracting.**

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Supplier Response</b>		
Sales and Marketing	43	
Adjust Amount of Customers or Business	17	<p>when supplier's customer is not filling their capacity/providing consistent orders, supplier goes out to find more customers to fill their open capacity</p> <p>can't keep their production line open, need to find something else, some alternative – it can be a different customer, a regular customer with a different product, a filler customer, a subcontract order from another factory</p> <p>Based on the projections we get for a particular season, can see how many minutes are being booked for a particular season – if under-booked, work with customers to see if they can give additional business, offer customers with a down-time price</p>
Discuss Options with Buyers	12	<p>Transparency is important – when we tell the customer we are over, they might go to other suppliers; others if we let them know ahead of time they might increase the lead time so we can finish on time</p> <p>if one brand has assigned orders way above their capacity for one month – look to see if there are other customers forecasting lower than their assigned capacity. If that is not an option, be open with the brand and tell them we cannot take the full order. Most brands appreciate we are being honest, not greedy, not overbooking and messing things up later. There is cost involved, relationship risks for taking an order and not delivering it</p> <p>We can ask them to move things around, sometimes they take it, sometimes they don't</p>

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Supplier Response</b>		
Analyze Customer History and Development Activities	8	<p>when a supplier is budgeting for the following year, they analyze how their customers practically behaved in the current year, risk has been identified</p> <p>We have enough data to expect January or April will be big, when we have the data the variability doesn't affect us as much</p>
Back-up Plans	3	<p>Even if they limit the number of customers, still need a backup plan because we don't know when the customer might drop us</p>
Sell to Capacity	3	<p>we don't take workers on contract, all are on payroll. We have allocated minutes factory-wise and for the total business, based on those minutes we make sure orders are booked. When there is a drop (even anticipated), prepare ourselves to bring in additional business</p>
Production Management	37	
Reallocate Customer Capacities Including Push Pull Split	19	<p>When there is high production demand for the first month, we are trying to minimize the pressure that goes to the production line, trying to advance the production start date, but lead time is fixed</p> <p>maybe talk to other customers and say they can give less capacity</p> <p>if one brand has assigned orders way above their capacity for one month – look to see if there are other customers forecasting lower than their assigned capacity</p> <p>Since capacity is shared amongst brands, we cannot just take from other brands – only if there is an opening from another brand or if a brand isn't doing well, we can allocate one customer's overcapacity here</p> <p>If I have multiple customers I will push back [or pull forward others' orders] the production and manage the line</p>
Try to Avoid Unauthorized Subcontract	5	<p>Illegal way – subcontractors, this is a big no-no</p> <p>Subcontract – make sure everything is compliant</p>
Adjust Lines	4	<p>We don't lay off the workers, can run 3 lines instead of 5-7 lines and achieve efficiency, this will increase the bottom line</p>
Stage Raw Materials	4	<p>we also do greige booking, mostly the core products that do this. Can do this for colors that a customer regularly runs, turn around quickly</p>
Reallocate Production in Other Ways	3	<p>might move some orders back to China or move some to Bangladesh</p>
Lean Production	1	<p>already implemented a lot of lean lines (5-6 people) so we can do a quick turnaround time</p>
Pack and Hold	1	<p>If the customer can preview the order for the carryover items for the low season – balance our production for scenario 1, we will preview the order and pack and hold in our warehouse until they want to ship out. [But] we have the stock risk and cost</p>

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Supplier Response</b>		
Human Resources Management	13	
Overtime	7	We do a lot of overtime
Human Resource Planning	4	Production will get the manpower based on the last year's forecast/ quantities to figure out next year's quantity
Reallocate Workers	1	Use the people to do something else in the factory - warehouse, repairing, there are many things in the factory to do, they migrate the workers to do something else in the low season
Expand Capabilities	1	buy new machinery, develop new skills in their workforce

Table 3. Supplier Response to Monthly Order Variability

**Problems from MOV are complicated because suppliers try to manage demand without saying “no” and letting down their customers**

### Internal Pressures on Suppliers that Shape their Responses

Problems from MOV are complicated because many suppliers emphasize business first, rather than compliance. However, some suppliers are highly conscious of their reputations and values and will do everything they can to avoid excessive overtime or unauthorized subcontracting as ways of accommodating MOV (Table 4). Suppliers confirmed that when buyers hold larger shares of their production capacity, their ability to manage MOV is challenged.

### BEST PRACTICE



“Customers who minimize the variation - we have a customer [they] practice this. They give their capacity commitments 6 months ahead. 2 months ahead before the placement they say what they are going to do. If the commitment is getting changed, they give a heads up - this program might change or get dropped. They then find an alternative option or offer another product (though it might have lower pricing) and can work out some options.”

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Supplier Internal Pressures</b>		
Business Comes First	19	All suppliers are trying to manage their demand without saying no We don't turn down orders They are the buyers; we have to go by what they're saying If the customer says they have to have 50k one month, we have to do it
Reputational	8	Overtime is not a solution to take care of overbookings – costly and everybody watches this for compliance, even just a few hours over the stipulated time there is a lot of questioning, a lot of people get involved Most brands appreciate we are being honest, not greedy, not overbooking and messing things up later. There is cost involved, relationship risks for taking an order and not delivering it



THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Supplier Internal Pressures</b>		
Share of Capacity	6	If we offer more capacity for one customer, the customer may give you much more opportunity and make you one of their key partners – the benefit goes to the production: no complications, changes are minimized, gains in the operation and execution. Disadvantage – if something goes wrong with that customer, the impact is much higher, the company may not be able to fulfill that impact within a short period of time
Inability to Flex Employees	2	As the factory, we cannot all of a sudden say “let’s hire more workers” – there is social impact. We can only control on the other end - the reason why there is variability
Number of Customers	2	Agree that more customers means a higher impact – you don’t know them, you don’t have a strategic partnership with them

Table 4. Supplier Internal Pressures

## IMPACTS OF MOV

When reviewing the scenarios showing differing amounts of MOV (Figure 2), Roundtable participants confirmed the increasing business and worker impacts that come with more variability. Scenario 2 (lowest MOV as indicated by Better Buying’s Order Risk-to-Reward statistic) was viewed as manageable for suppliers, while Scenario 3 was “harder” but may be manageable if orders came through as projected. However, participants confirmed that Scenarios 1 and 4, with the most MOV, would definitely have impacts on business and workers and were “a huge problem, not desirable at all. It is difficult to sustain that kind of business.” One participant shared “from my experience and what I see in China, with scenario 1 and 4 subcontract and overtime are for sure going to happen.”

## SUPPLIER INSIGHT



“From my experience and what I see in China, with Scenario 1 and 4 subcontract and overtime are for sure going to happen.”

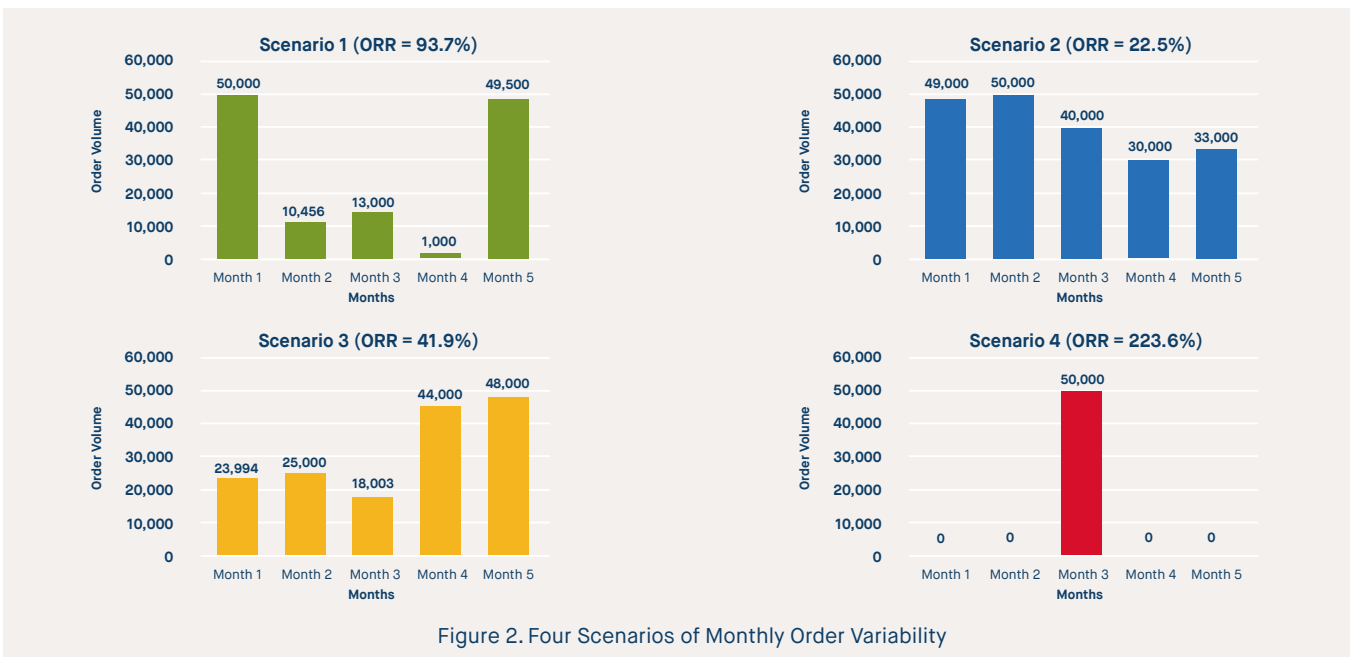


Figure 2. Four Scenarios of Monthly Order Variability

No matter whether demand varies due to weather or short fashion cycles, MOV increases costs and worker turnover, reduces factory efficiency, worker productivity, and supplier profits; all negative impacts associated with periods when suppliers' factories are not operating at full capacity and production lines are idle (Table 5). Workers are negatively impacted through increased stress, overtime, subcontracting, and temporary employment.

## BEST PRACTICE



“We have one customer who we’ve worked with for the past 6/7 years, probably the only one we have ever come across who takes full responsibility for the capacity. Whatever they ask us to allocate for them, they have given a commitment in writing that if the capacity goes unutilized, they will pay up for that. They will provide orders for the low season during Fall/holiday.”

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Impacts</b>		
Business	62	
Increased Costs and Lower Margins	14	<p>peak in first month, then a drop – leads to issues with higher costs, certain overheads are incurred whether there are orders or not</p> <p>If I allocated 50k but for 3 months they’re only coming up with 30k units and multiple styles – we have to constantly change the lines, productivity is impacted, the costs are increasing</p>
Reduced or Unstable Profitability	10	<p>overhead is increasing but they are achieving sales over their capacity, sometimes it can be a plus for overall sales, sometimes if the order has a very low margin it can have negative impacts as well, depends on available capacity and profitability of the order</p> <p>getting an order with a low profit is better than keeping the line open</p> <p>We will not gain much profit in these six months, we will need to gain more profit in the other six months</p>
Idle Lines	8	Can’t have idle lines – this is disastrous for the business
Reduced Efficiency or Productivity	7	<p>efficiency will be dropped because lines are not being run smoothly</p> <p>Generally if only 1 line we are running over a long time we can achieve the efficiency, 5 lines is not efficient. We’ll end up compromising on efficiency and production cost – at least we do not have idle lines</p>
Increased Worker Turnover	7	Effect to our workers/our factory: scenario 1 is not good because when you have the differentiation of the orders, when orders are very low [one month] and go up high [the next month] you don’t have the manpower
General Business Impacts	6	
Business or Facility Survival	3	huge quantities in one month, not good for our factories to keep our factories regularly operating
Management Stress	3	One month we’re stressed out, another month we don’t have work

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Impacts</b>		
Pressure on Lower Tier Suppliers	2	Washing, printing, embroidery – sometimes different third parties are involved, we will not get the priority if we are giving them orders one month and not in others. We are honoring the customer, but we are not giving the other third parties the consistent orders
Reduced Quality	2	Another way is temporary workers – but these are very bad for business in terms of profitability and quality, might not be skilled
Workers	32	
Overtime	9	Even in peak season, it will be a lot of the overtime hour – China has the limit on overtime hour, 0% factory can control the overtime by the legal limit  fluctuation of the order low/high season, more than 1000% effect on overtime, if you have limited manpower/line but double the order, the most open way is to make workers do overtime, even rest day overtime... seems like it's not a good solution, but everybody accepts it, because it is a fact that it is not possible to avoid overtime
Compliance in General	6	the supplier tries to get the stable number of production to be able to manage and to handle the social compliance well
Subcontracting	5	Most of what I have seen is that the supplier chooses a subcontractor without telling the buyer
Stress	4	Buy a style, within three weeks they want more produced but in lower quantities – this adds stress to the factory, staff, worker, environment
Reduced Hours and Wages	3	If the capacity is very off, in low season the worker might not be working 8 hours, might be lower because the order size is not enough
Livelihood	2	not possible to do everything in one month and leave the workers empty handed for the other four months
Temporary Workers	2	Another way is temporary workers – but these are very bad for business in terms of profitability and quality, might not be skilled, they are there just as operators, the current workers become frustrated – we pay by piece rate and the workers feel that other temporary workers just come in and take the work
Health and Safety	1	With COVID – in China might be working through lockdown in order to get orders out, can foresee in areas with worse COVID situation factories are not willing to take care of the workers' health in order to deal with peak orders
Reputational	4	What are your values and how are these coming into the picture?  Now with workers having access to different consortiums for workers' rights – they can reach out and express the stress they have been put through
Inter-related	1	when supplier's customer is not filling their capacity/providing consistent orders, supplier goes out to find more customers to fill their open capacity; trying to solve one issue (unused capacity) leads to other issues (sustainability impacts of monthly order variability)

Table 5. Impacts of MOV

## WHAT CAN BUYERS DO DIFFERENTLY?

Following are recommendations for improvements buyers can make that were discussed in the Supplier Roundtable (Table 6). Better Buying™ has provided additional insights and recommendations in our Better Buying™ Deep Dive Report on Monthly Order Variability.

### 1. Improve Planning and Forecasting

Like many purchasing practices topics Better Buying™ has explored, suppliers believe a key to reducing the negative impacts of MOV is to improve planning and forecasting. Specifically, buyers should improve forecast accuracy, make longer term plans, provide projections earlier, and give suppliers more flexibility in managing when orders are produced and shipped.

### 2. Change Ordering Strategies

Multi-year agreements with suppliers provide additional security to the level of business suppliers can expect to receive from buyers, although some participants questioned whether those agreements would be respected. Buyers can achieve something closer to level loading by expanding the range of products they give suppliers and mixing evergreen or core products with fashion products. In some cases, a longer lead time may be necessary.

### 3. Handle Changes Differently

When new consumer insights compel buyers to make changes in orders, they must let suppliers know as far in advance as possible. A precise cutoff was not indicated, but suppliers agreed that under two months is too little time for them to adjust and prevent negative business and worker impacts.

### 4. Share Risks with Suppliers

Being a true partner and sharing risks with suppliers is a necessary change in the way that buyers operate and is indicated by taking responsibility, for example, by making financial commitments for raw materials and filling or paying for capacity that is reserved but goes unused.

#### SUPPLIER INSIGHT



“Yes, we do have a back up plan in case something happens, but that doesn’t mean risk should be a normal scenario. Most of the time the supplier will feel reluctant to work with these kinds of customers; everyone wants to have a good partner.”

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Recommendations</b>		
Improve Planning and Forecasting	31	
Forecast Accuracy	9	<p>We understand buyer may not be able to place an order with a vendor with consistent trend line, but if they can come up with a realistic plan, then at least the supplier can have some kind of peaceful time in the execution process</p> <p>customers give projection – if they are 20-30% over or under, can manage, the customer expects me to do it, they don’t even ask.</p> <p>usually +/-20% is okay with the brands, we manage it</p>
Longer-Term Planning	9	<p>Give their capacity commitments 6 months ahead</p> <p>At least 6 months ahead (5-6 months) – beginning of the season, when we start working on a new season, if they can release the numbers they are looking at</p>

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Recommendations</b>		
Make Projections and Give Numbers earlier	8	<p>Projections at all would help, even if they aren't correct</p> <p>Forecasts will always help</p> <p>Ask our customers to give their forecasts earlier</p>
Be Flexible and Let Supplier Manage Ship Dates	3	<p>Customer is adaptable and will let us pull orders forward and start earlier</p>
Better Data Analysis	2	<p>Can see with the development of big data we might be able to deal with variability better</p> <p>Retail should be able to provide more accurate numbers</p>
Change Ordering Strategies	22	
Multi-Year Agreements	6	<p>Things are good, there is a longer projection, 3-year plan</p> <p>Want to have customers as strategic, not just transactional</p>
Provide More Balanced Product Mix	5	<p>Open up the kinds of products you're willing to give a supplier so they can take more orders – then the buyer will be purchasing something during the entire year</p> <p>if the customers can commit the orders with carryovers/evergreen products, we can do these for the low season</p>
Give More Lead Time	3	<p>Right now with COVID we experience a lot of over-capacity. Expect cotton with India lockdown to be a major issue – customer understood and gave additional lead time. This works when every supplier is telling them the same thing</p>
Level Loading	3	<p>need to keep the production quantities in the middle months balanced</p>
Give Larger Volumes	2	<p>one of our customers they are negotiable, buy a lot of products from a lot of suppliers, but since they have more than 15 years relationship, they keep their quantity quite stable, they can do this because they are a big chain and they buy a lot, can place stable order quantities</p>
On-Demand Manufacturing	1	<p>I see on-demand manufacturing, China is doing pre-sew and can finish production in seven days</p>
Pay High Price for Low Months	1	<p>Buyer should pay the upcharge for the lower months – because the product has a higher FOB, if they are okay with this, we could go by what they want</p>
FOB vs CFI	1	<p>more comfortable and more relief if they do shipment by FOB, many factors happen during shipment, sometimes they open the container at the destination and the supplier gets in trouble for the problems with products (moisture too high, product smells, but the supplier should not be responsible for the shipment)</p>

THEME	# OF MENTIONS	SAMPLE QUOTES
<b>Recommendations</b>		
Share Risks	16	
Partnership	6	<p>We need to have some kind of partnership with the customers, because yes we do have a backup plan in case something happens; but that doesn't mean risk should be a normal scenario, most of the time supplier will feel reluctant to work with those kinds of customers, everyone wants to have a good partner</p> <p>Everything is not about a few cents, about capacity, about money – it is about relationship, this makes you confident that your customer will come back to you even if you can't fulfill their order this season</p>
Take Responsibility	4	Until now, did not see any benefit to the buyer for making their orders consistent. Only their responsibility to the supplier, they require the supplier to do all of the compliance, the buyer should sacrifice/do something to make the compliance happen. If they set up the rules, they should also support the rules they set up
Commit to Raw Materials	4	buyer needs to commit to the raw materials for total order volume when they place the order for the first month, so we can negotiate the prices together and purchase the materials all at the same time
Fill or Pay for Capacity	2	Whatever they ask us to allocate for them, they have given a commitment in writing that if the capacity goes unutilized they will pay up for that
Handling Changes	13	
Let Supplier Know of Changes	8	<p>Cannot tell us exactly how long in advance these changes need to be made, but tell the supplier as soon as possible. If production planning starts in June, and you tell us 3 months earlier that would be good, it's better than 1 month earlier</p> <p>at least 4 months in advance they provide notice if capacity might be underutilized</p>
Limit Changes	3	don't change it! Understand it is the nature of the market – they have to update their orders to their business, but don't change it too often or too urgently
Fill in With Other Products	2	Can be replaced by placing another product/style for production to balance out the variability

Table 6. Recommendations for Buyers

## THE BUSINESS CASE FOR DOING THINGS DIFFERENTLY

While cost savings and better product quality can result from following these recommendations and reducing monthly order variability and its related factors, a strong business benefit to buyers is receiving priority service from valuable suppliers (Table 7). Suppliers will be there for the buyer if the buyer is consistently there with orders for them, and suppliers will be able to deliver more reliably toward their own and their buyers' worker and environmental sustainability goals.

### SUPPLIER INSIGHT



“Everything is not about a few cents, about capacity, about money - it is about relationship: this makes you confident that your customer will come back to you even if you can't fulfill their order this season.”

THEME	# OF MENTIONS	SAMPLE QUOTES
Benefits to Buyer	24	
Priority Service from Supplier	8	they can have better service from the supplier; when the customer looks after the supplier, they have much more say to the supplier – if they want help from the supplier, the supplier will give them priority  milk boy giving the milk at 6am every day, the newspaper boy gives the paper at 6am, 7am, 8am – he is inconsistent, who would you prioritize?
Reliable Sustainability Performance	5	Nowadays, compliance and sustainability is very important, B2C selling point, if they have a reliable supplier source, they can have this benefit in their total value chain
Lower or Stable Costs	4	price would be better because in one situation I would pay overtime/lose all my workers  Dyeing minimums – all these surcharges I have, overtime surcharge (if they are willing to pay)
Quality	4	quality would be better because it's more even/same worker making the same garment
Factory Harmony	3	Customer usually only interested in monetary benefit, it's really just for the better functioning of the factory and the vendor

Table 7. Business benefits to buyers

## CONCLUSION

MOV is a big problem for suppliers in running efficient and profitable businesses and providing consistent, safe, and well remunerated employment for their workers. While our research so far has not identified an exact level of MOV that will prevent all negative impacts, it confirms that less variability, coupled with improving practices that compound problems from MOV, can make order volume fluctuations more manageable for suppliers. All buyers have work to do to ensure their day-to-day business practices support sustainable business for suppliers and good working conditions and wages.