



Kurt Salmon 

Act Vertical™ –
How it will change the Relation
between Textile and Clothing
Industry and Retailers

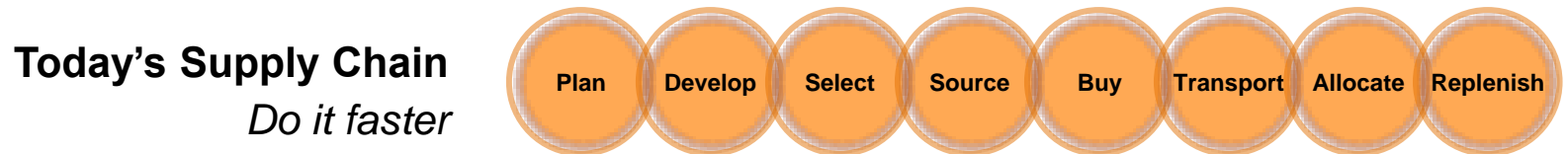
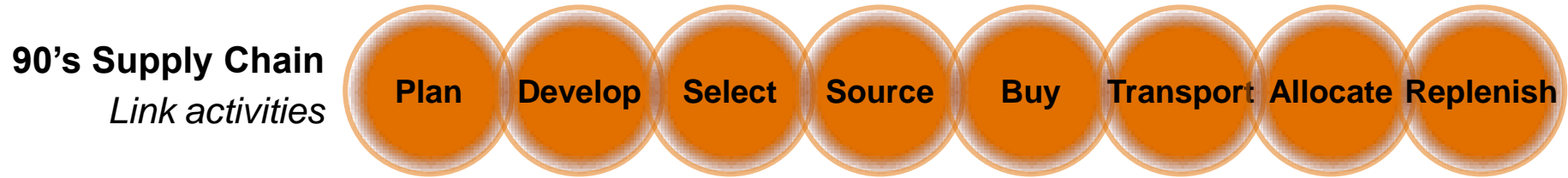
Dorothea Ern-Stockum for
2011 Euratex General Assembly

Evolution in the Fashion Market

- ▶ Consumers expect more
- ▶ New channels are emerging
- ▶ Retailers become brands
- ▶ Fashion brands become retailers
- ▶ Supplier market is defining new rules of the game

Business Model“Change”

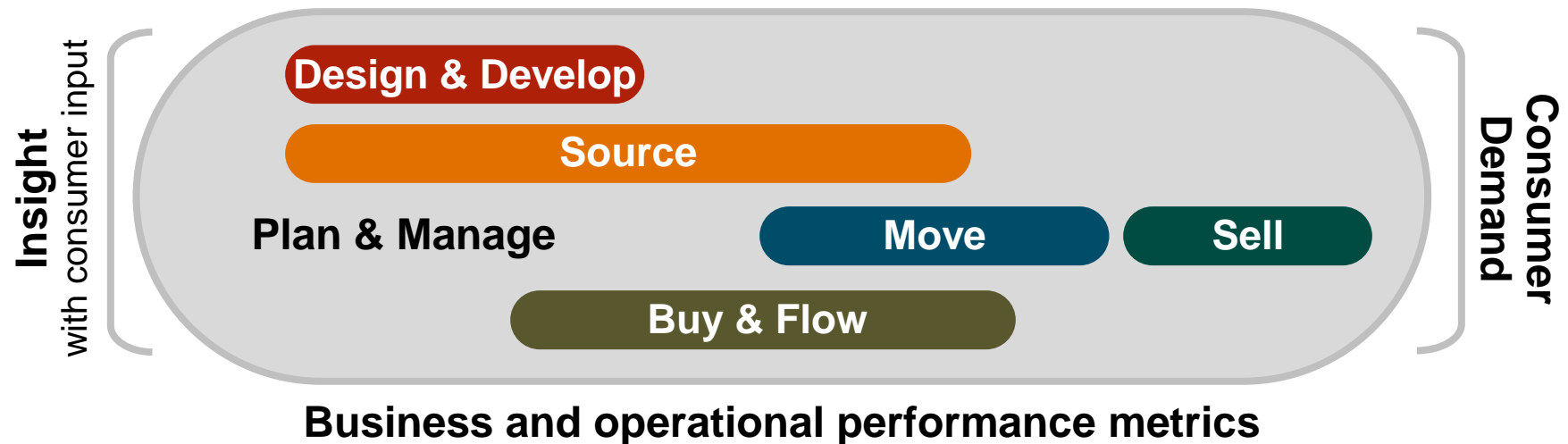
Supply Chain Evolution making a Quantum Leap



Doing the same things faster isn't sustainable

Future Supply Chain

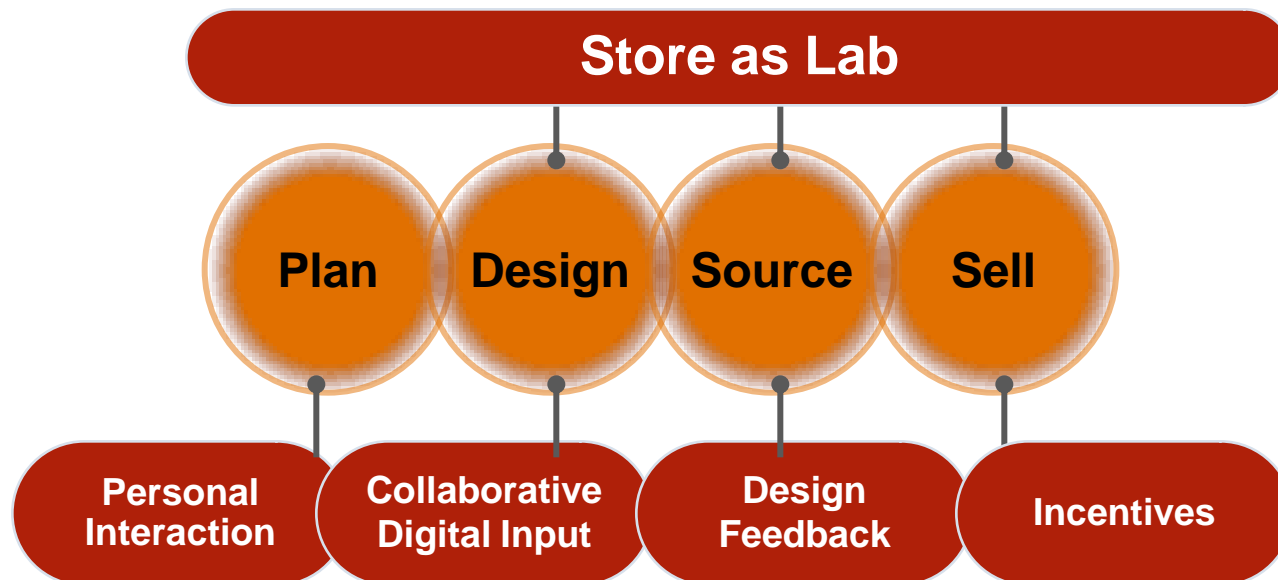
Future Supply Chains are vertical



- ▶ Integrate and synchronise activities across internal and external business functions
- ▶ Optimise speed from concept to consumer
- ▶ Create and fulfill consumer demand

What Winners Will Do

- ▶ Connect with the Consumer
 - Direct interaction
 - Timely input
 - Actionable attributes



What Winners Will Do

- ▶ Optimise the Consumer in-store Experience



What Winners Will Do

► Integrate Business and Product Planning



- 1. Break down barriers between planning, design, and sourcing**
- 2. Use attributes for decisions**
- 3. Establish integrated calendars and KPIs**

What Winners Will Do

- ▶ Speed up Design and Development
 - Establish parallel processes and align calendars
 - Invest into technology

Total Weeks from “Concept” to “In-Store”



Past 40 to 50 weeks

Today 30 to 35 weeks

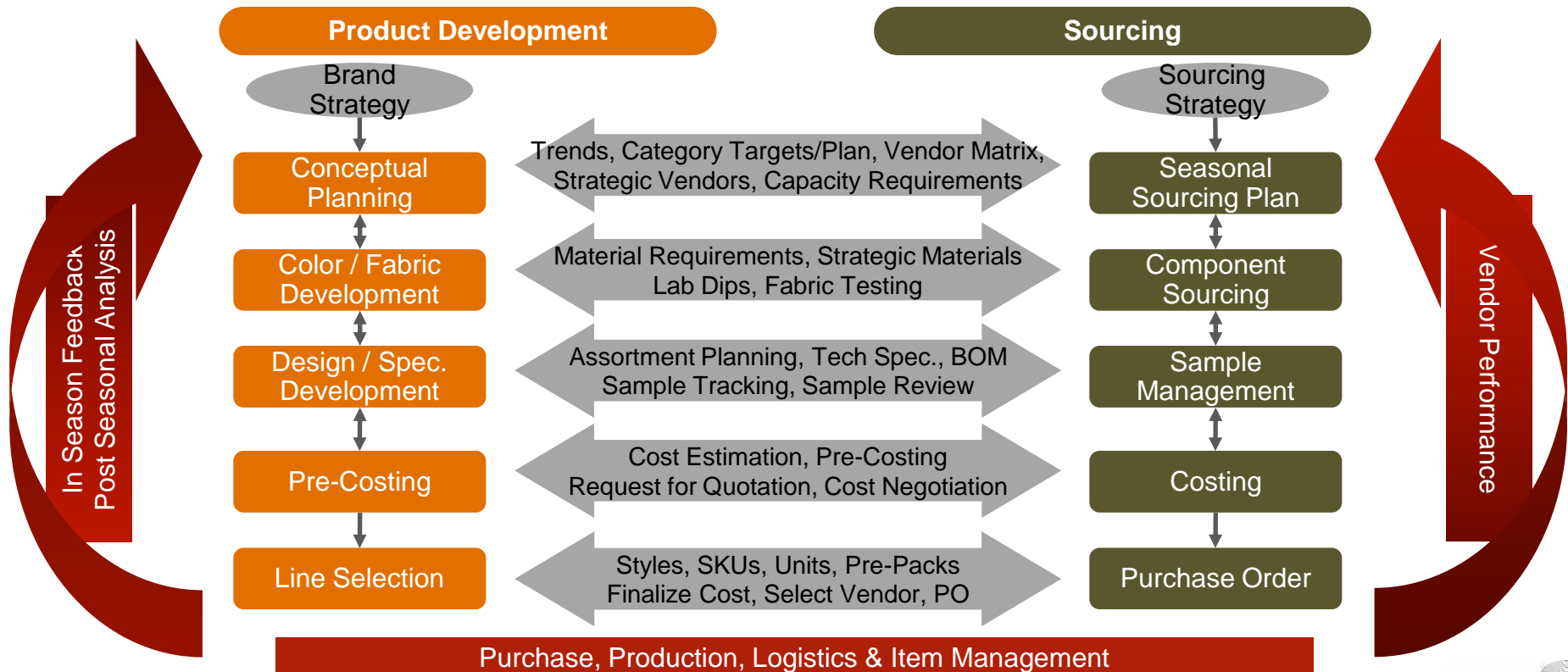
15 to 20 weeks

Tomorrow:
30 - 50% of product will be initiated 15 - 20 weeks out



What Winners Will Do

- ▶ Integrate Sourcing and Supply Partners
 - Value engineering
 - Materials management



What Winners Will Do

- ▶ Establish tiered in-stock goals and service strategies
 - Coordinated planning
 - Assortment positioning
 - Product lifecycle management



What Winners Will Do

- ▶ Create unique flow paths per product strategies
 - Vendor to store
 - Vendor to customer
 - DC warehoused
 - Cross-dock
 - Multi-tier warehousing
 - Store to customer
 - and others...

Regional Replenishment

- ▶ Long lead-time
- ▶ Low predictability of demand by SKU/ location
- ▶ High in-stock requirements



Direct-to-Store

- ▶ Long lead-time
- ▶ Erratic demand
- ▶ Bulky items
- ▶ Lower in-stock requirements



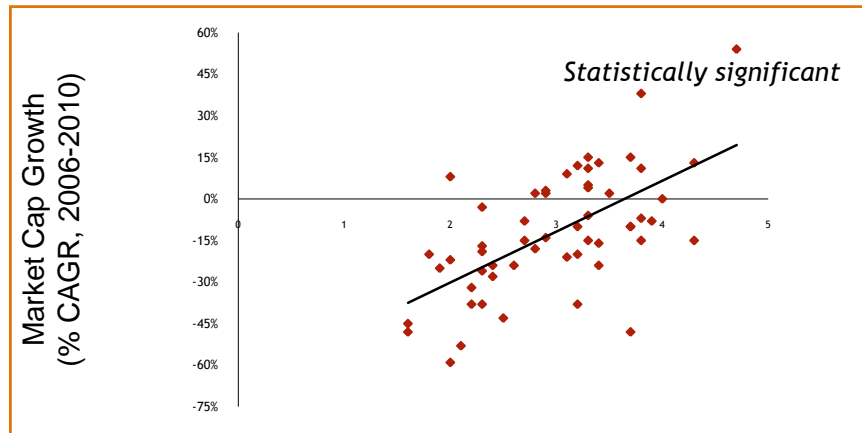
What Winners Will Do

- ▶ Connect with consumer
- ▶ Optimise the consumer in-store experience
- ▶ Integrate business and product planning
- ▶ Speed up design and development
- ▶ Integrate sourcing and supply partners
- ▶ Establish tiered in-stock goals and service strategies
- ▶ Create unique flow paths per product strategies

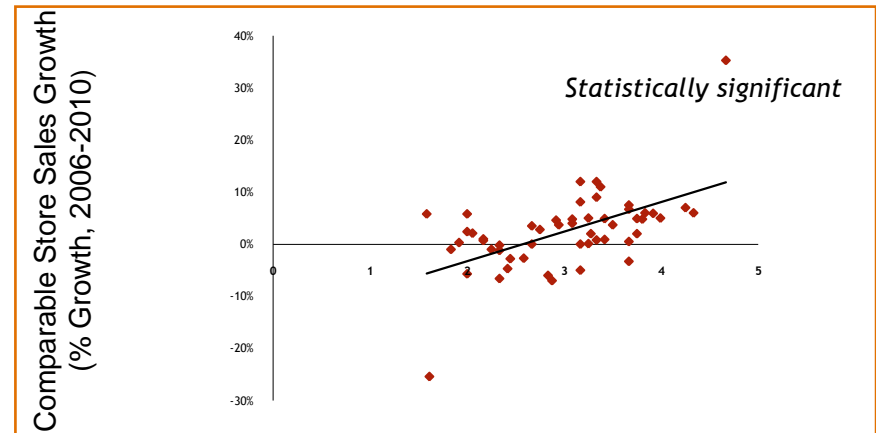
Why Act Vertical

The benefits of acting vertical are enormous...

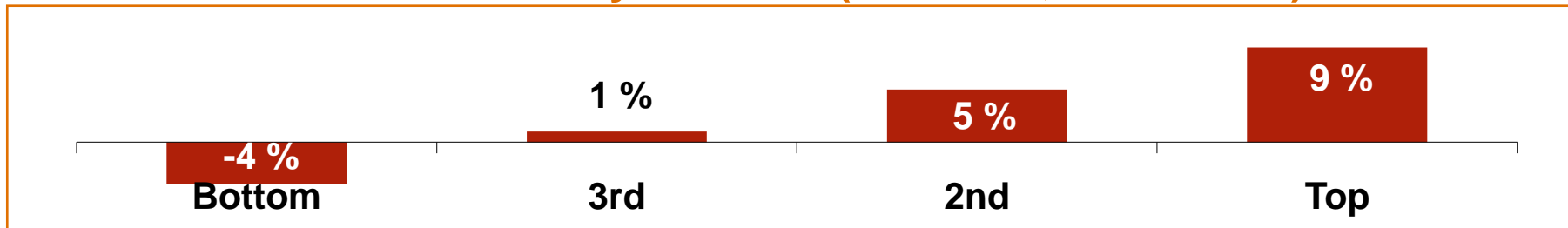
Market Cap. Growth vs. AV Score



Lfl Sales Growth vs. AV Score



Sales Growth by Quartile (CAGR %, 2006-2010)



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