



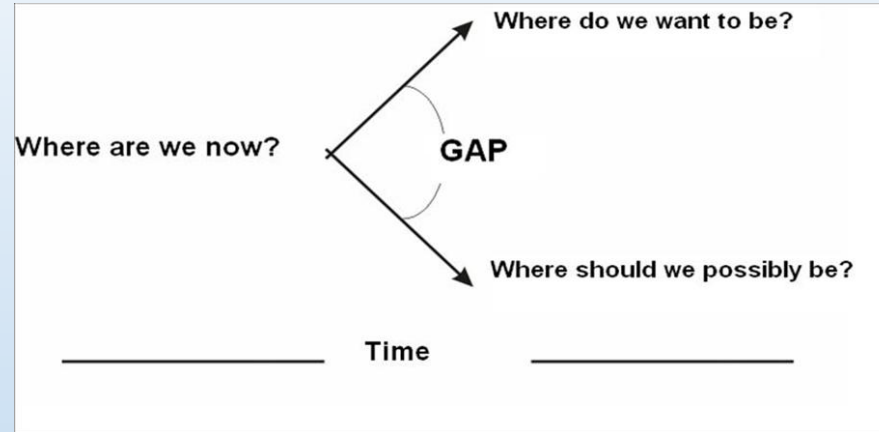
IMPORTANCE OF MAPPING FOR DEVELOPMENT OF THE FASHION COMPANY BUSINESS STRATEGY

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- With the development of markets and increased competition, there are many fashion producers who want to sell their products and impose on the world market.
- Customer tastes have become extremely sophisticated, being allowed by modern technologies to obtain high-quality products and services very easily at low prices, everywhere in the world.
- Garment producers are forced to be even more initiative in the field of innovation and further reduction of operating costs.

- There is **not a single** strategy that would be optimal for all companies.



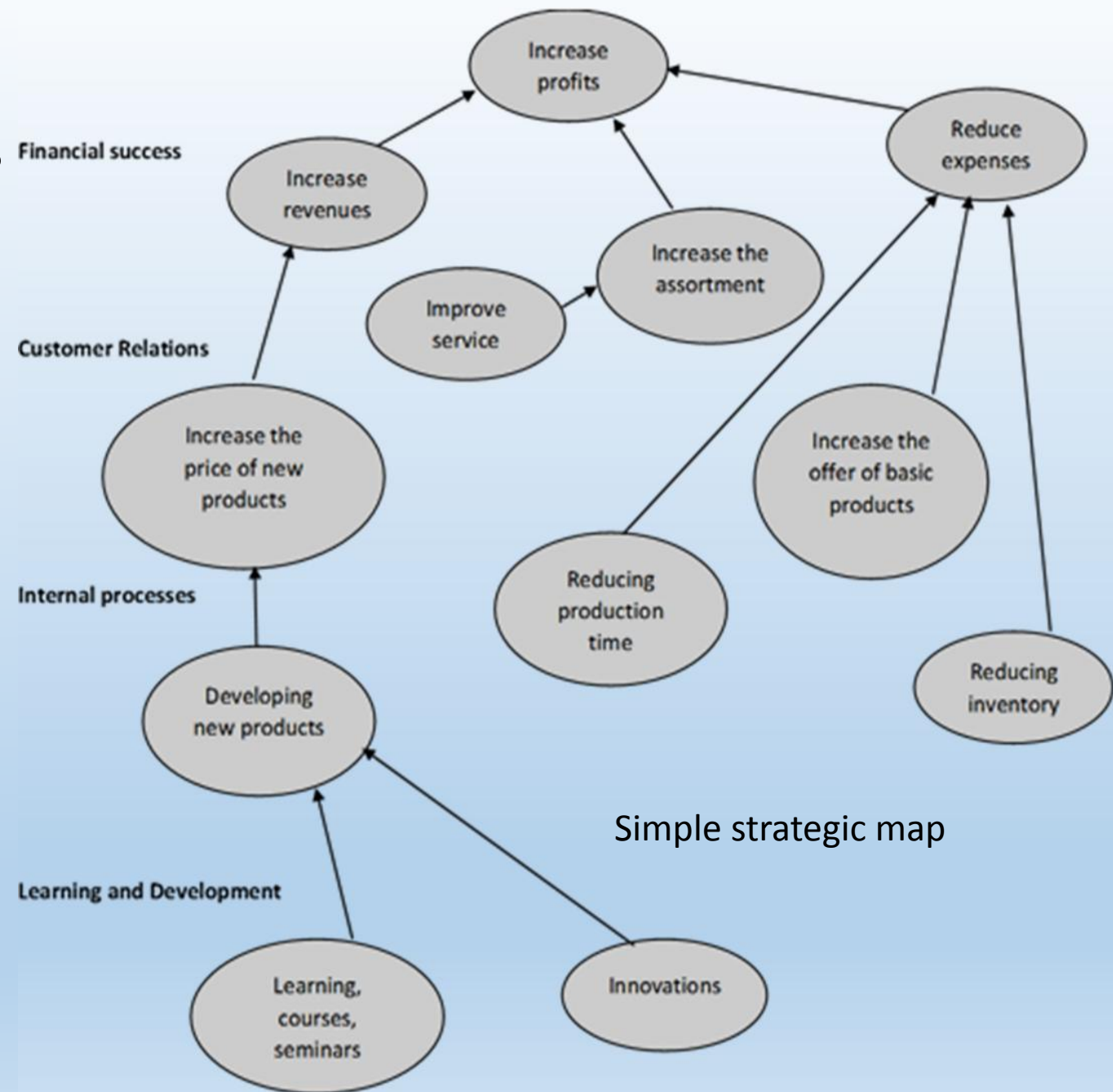
- Strategic planning is long and complex process in which there is no guarantee that a garment producer will achieve desired goals.
- Strategic planning is a process which includes: perception of market conditions, customer needs, competitive strengths and weaknesses, sociopolitical, legal and economic conditions, technological development, as well as perception of specific options and threats the fashion company is faced with.

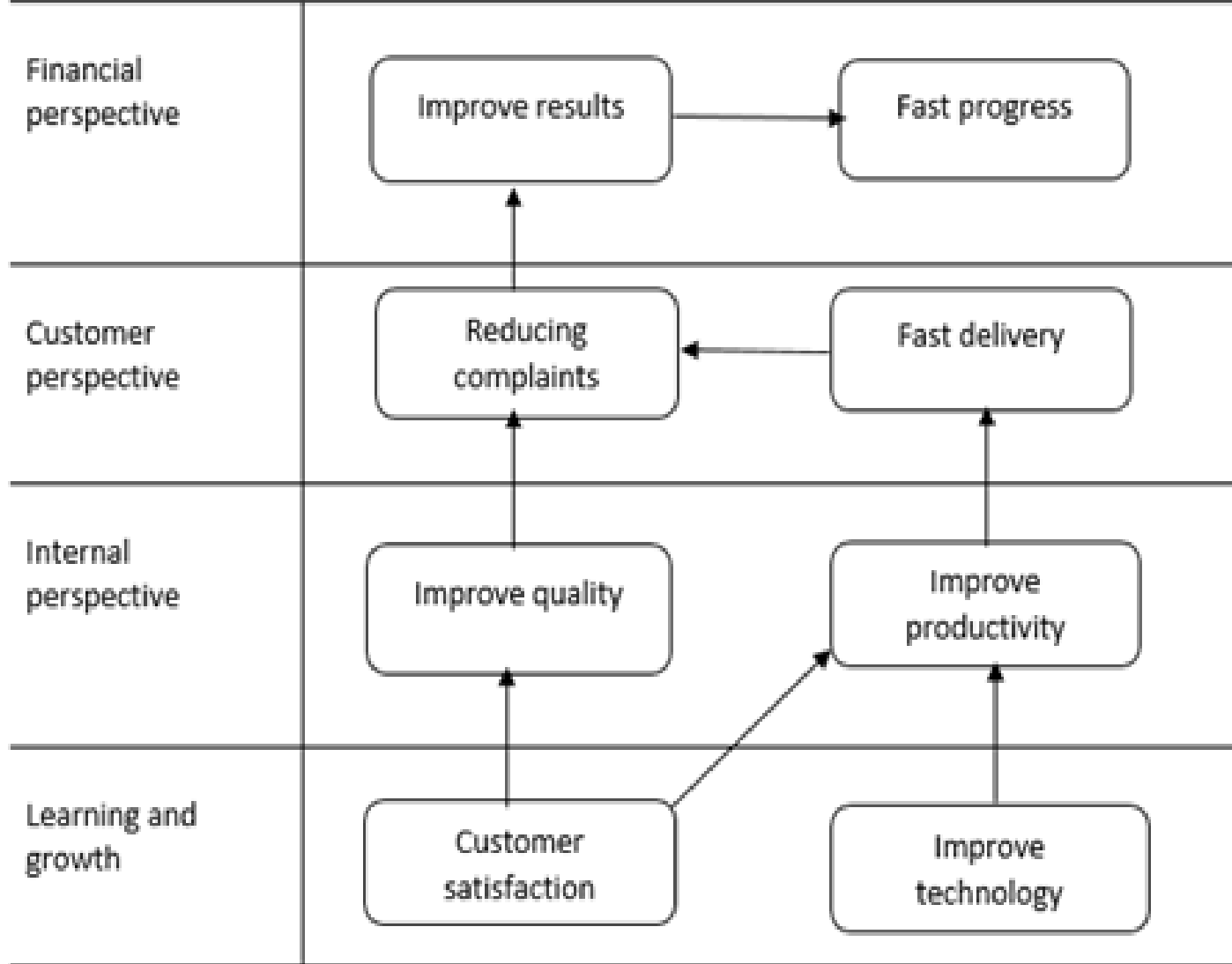


- In addition to the analysis of the general environment, a fashion company must analyze the business environment and internal organization.
- Strategy maps can help to overcome this difficult and arduous journey.
- **Strategy maps** provide employees with a clear image about the connection between their jobs and the other ones, values which must be increased towards doing their job as good as possible, the most important directions for increasing the innovativeness and effectiveness of employees, processes and activities in the company.

Strategic mapping and management exists in companies with four key activities:

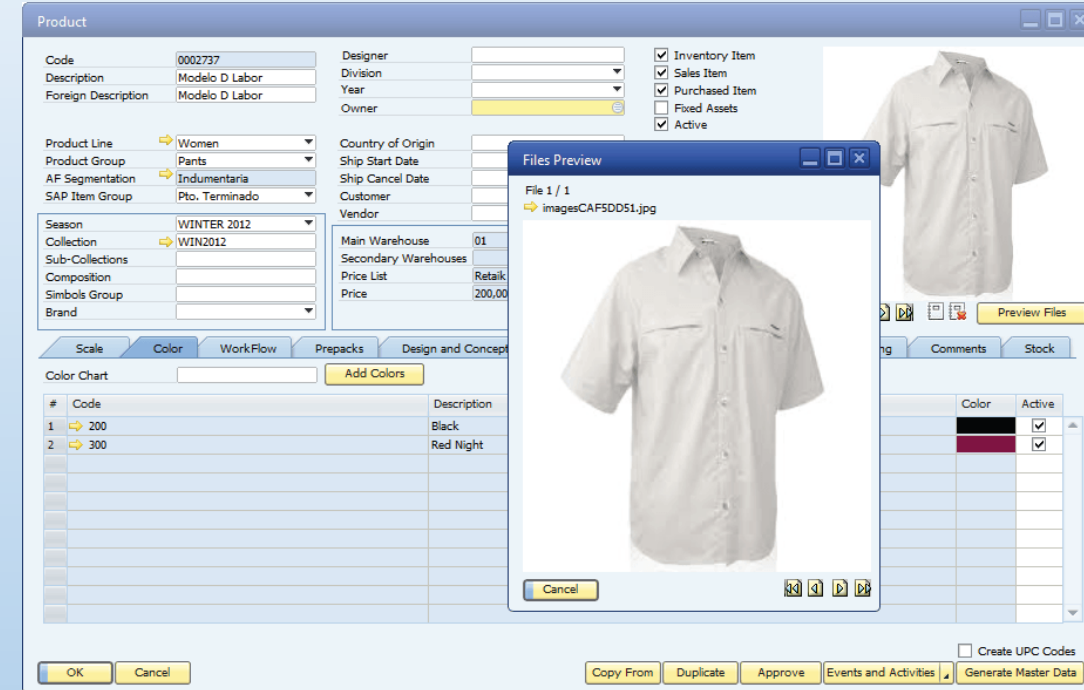
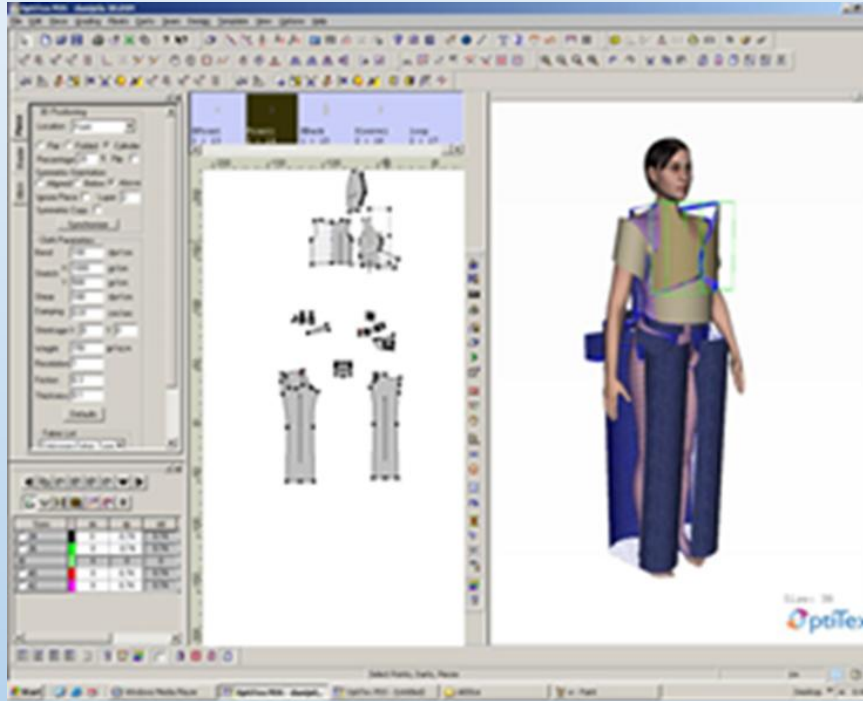
1. Defining strategic objectives.
2. Implementing strategic goals through the Balanced Scorecard concept.
3. Focusing on key strategic objectives.
4. Connecting strategic management with support functions.





- The first perspective is **learning and growth**.
- This perspective defines three categories necessary to implement the company's strategy:
 1. strategic competences - skills and knowledge necessary to employees so that they are able to support the strategy;

2. strategic technologies: information system (3D CAD, Product Lifecycle Management software), databases and methods necessary to support the strategy;



3. organizational climate: the cultural changes that will provide motivation and training for performing a defined strategy.

Internal perspective defines business processes and specific activities which an organization must introduce and implement in order to meet all the values for the customer:

- ❑ innovation processes (development of fashion products, the speed of delivering to the market),
- ❑ processes of managing consumers (development of solutions, services, customer relationship management),
- ❑ operational processes (supply chain management, reduce costs, improve quality, reduce production cycle time, better capacity management, ergonomic workplaces),
- ❑ processes related to the environment (health, safety, ecology and society).

Customer perspective is the core of the strategy.

- It shows how and in what direction the company's growth should be achieved.
- The most important thing for the customer is: the design of a fashion product, product quality, delivery time, price and image of the company on the market.



Financial perspective of an enterprise is to create values for the owners.

Objectives	Criteria
Reducing production costs	Costs per activity in key operational processes
	The cost per unit of product
	Cost of marketing, sales, distribution, administration
	Cost control and laboratory testing of textile materials
Continuous process improvement	Number of process with a significant improvements (CAD/CAM systems, CNC sewing machines)
	Number of eliminated processes that are not adding value (lean system)
	The percentage of waste textile materials
	Percentage garment with errors
	The total cost of the quality system
Improving the speed of the process	Design and production preparation (3D CAD)
	Time savings in of the process (CAD/CAM, work study, ergonomic design workplaces)
	Efficiency of the process
	Application of software (CAD; Product Lifecycle Management)
Improving the utilization of basic resources	The percentage of capacity utilization
	The reliability of textile machines
	Number of interruptions in production due to breakdowns of sewing machines
	Flexibility (the number of products that can be produced on the basis of the same capacity)
Improving the efficiency of net working capital	The inventory turnover ratio of raw materials and finished products
	Turnover coefficient of buyers/consumers
	Cash to cash cycle

Strategy map of fashion company

Formulating a strategy based on the strategic map

- ❖ For the **development of a strategy** it is necessary that the management of a company should:
 - Define the mission, vision and values of the company.
 - Do a strategic analysis:
 - ✓ external environment (political, economic, social, technological, legal);
 - ✓ internal environment (human resources, capital, technology, key processes);
 - ✓ existing strategy (current situation and problems).

SWOT analysis

STRENGTHS

- Tradition in business
- Futuristic design
- Good image
- Reaction to a new fashion trend
- Quality of textile fabric and production
- New ergonomic form of production model
- Short period of development of a model and short period of duration
- Automatization of production processes
- Industrial training conducted by specialist
- Establishing "show room" objects
- Ecological requirements

WEAKNESSES

- Very high price because of fast changes
- Small series with a large number of models (three to five articles in work order)
- Manufacturing of only 3-4 sizes
- Bad covering of foreign market
- High price of energy
- Condition and price rise of raw material because of introducing VAT
- Short time for optimalization of products

OPPORTUNITIES

- Consumers' wish for new designs
- Marketing of products into a new market
- Making e-mail catalogue
- Value of labour
- Production of garments Made-to-Measure
- Promote technology transfer and knowledge
- Cooperation with educational institutions

THREATS

- Import of similar articles of clothing at low prices
- Competitors have lower price
- Competitors have better distribution net with more sales places
- Quick obsolescence of technology
- Labor market rigidities
- Lack of skilled personnel

- Create a strategy:
 - ✓ define a market segment in which to focus the company's activities;
 - ✓ determine the value for customer;
 - ✓ identify key processes;
 - ✓ define the human resources necessary for the implementation of the strategy;
 - ✓ determine the technology that will enable the chosen strategy.

❖ **Planning a Strategy**

In this step, the company:

- Develops a strategic map (basic questions and problems around which to build a strategy).
- The objectives contained in maps and topics are divided into the objectives and criteria of Balanced Scorecard.
- Defines strategic initiatives.
- Delivers the strategic plan, which predicts how to finance strategic initiatives in various business functions.
- Creates teams for the implementation of certain strategic themes.

- ❖ In order to **adjust the organization** to the strategy it is necessary to pay attention to the following:
- The strategy is usually carried out at the level of business and managers must make strategic map a cascade (to get it onto lower levels so that the strategies of higher levels become the objectives of the lower ones, and so on).
- In addition to business units, there are support units in every company, or corporate staff functions, so the management needs to ensure their compliance with the company's strategy.
- The employees are always the ones who carry out the strategy and they need to understand the strategy and to be motivated to carry it out.

❖ **Planning the Operations**

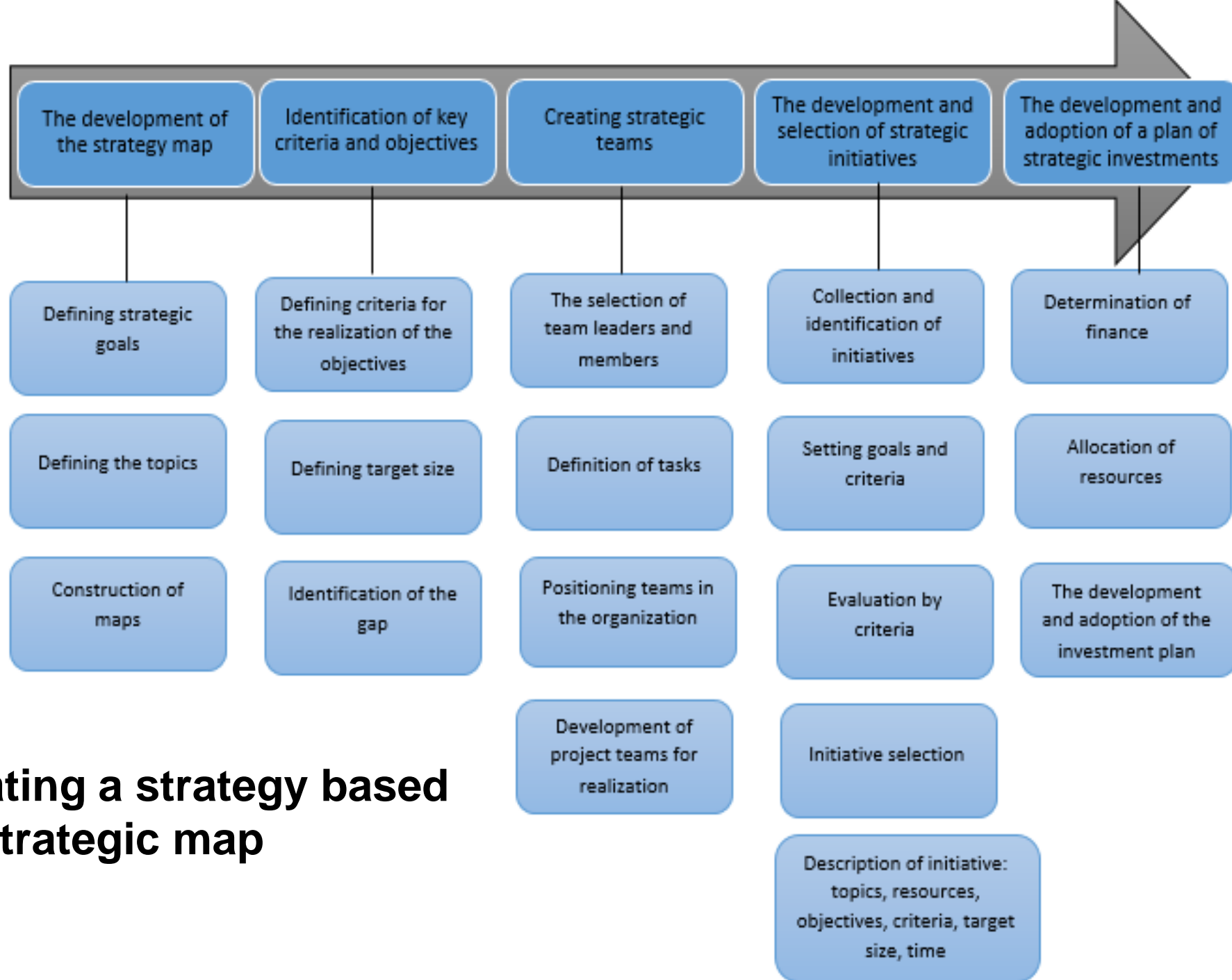
- Operational plans which are adjusted to the strategy are: predicting and plans of sales, plans of resources and the budget of operational and capital costs.

❖ **Monitoring and learning**

❖ **Testing and adaptation of a strategy**

- On the basis of the strategic management process and a strategic map, the strategy of a fashion company is formulated.

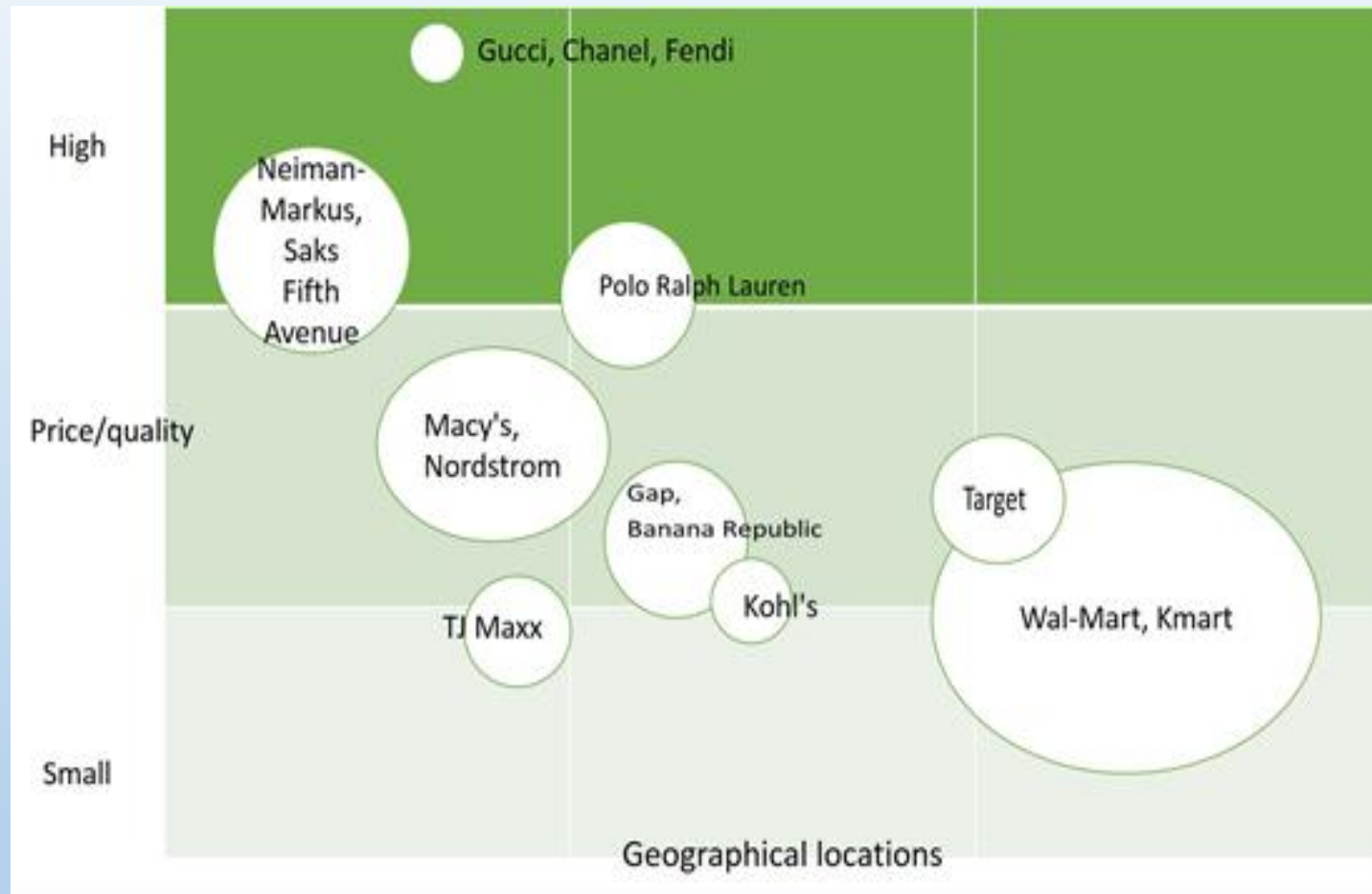




Formulating a strategy based on the strategic map

- Strategic Group Mapping is a technique of displaying different market and competitive positions of rival companies.
- It is a tool for understanding the similarities and differences, strengths and weaknesses, i.e. competitive positions in the market, thus comparing: price, quality, geographical coverage, product portfolio, distribution channels and so on.

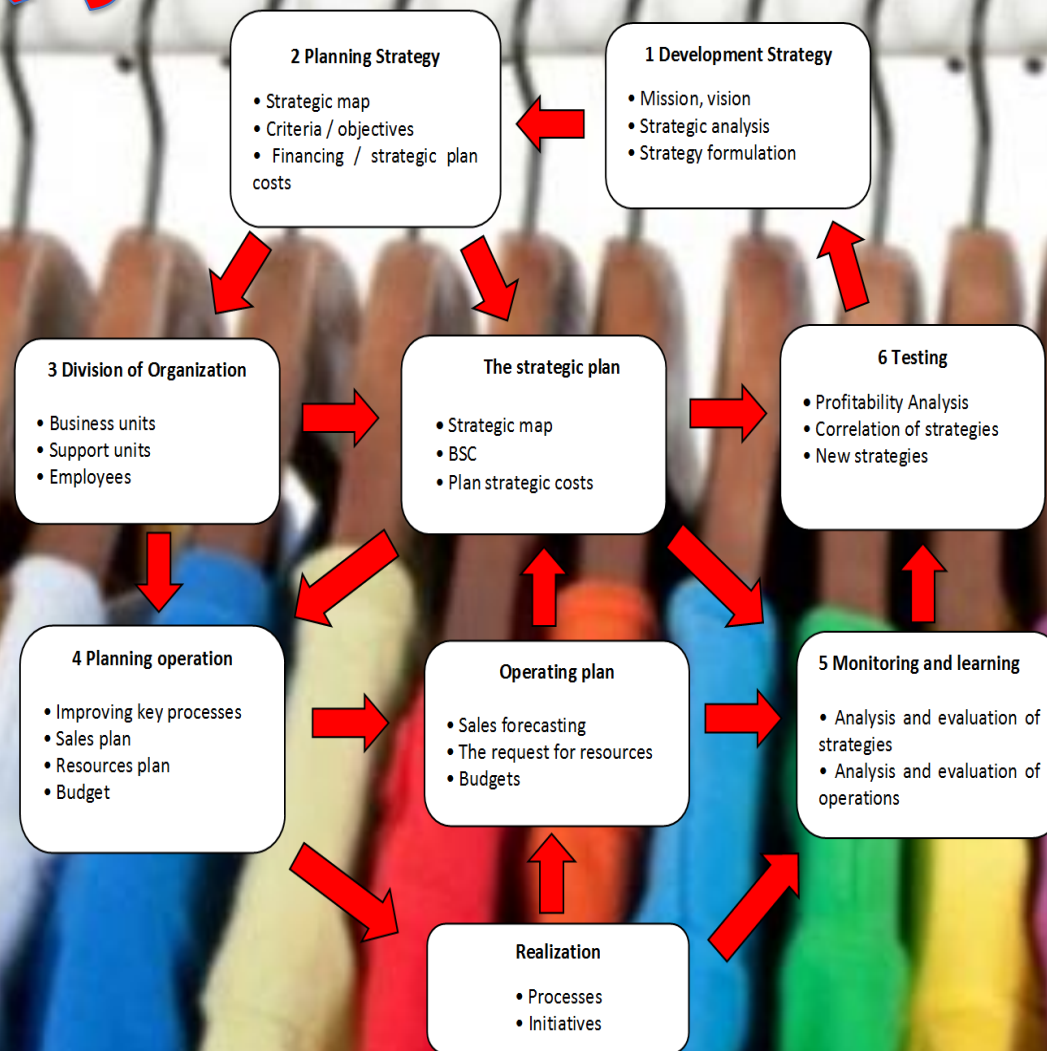
Maps of strategic groups of garment retailers



Conclusion

- The strategic map is a logical and overall architecture for the description of a strategy.
- The bases of a strategic map are: competences of all employees, applied modern technology and organizational culture.
- This is the infrastructure: support for the usage of internal resources, meeting the needs of customer and making profits for the company.
- The strategic map ensures that the vision and strategy are transferred into the system of specific objectives and criteria which then allow regular monitoring and measuring of their realisation.
- It measures not only the current value of the company's assets, but also its ability to create the value in the future.

Thank you!



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