

Exercise: Reviewing Critical Paths

Principle 3: Collaborative Production Planning

Common Framework for Responsible Purchasing Practices



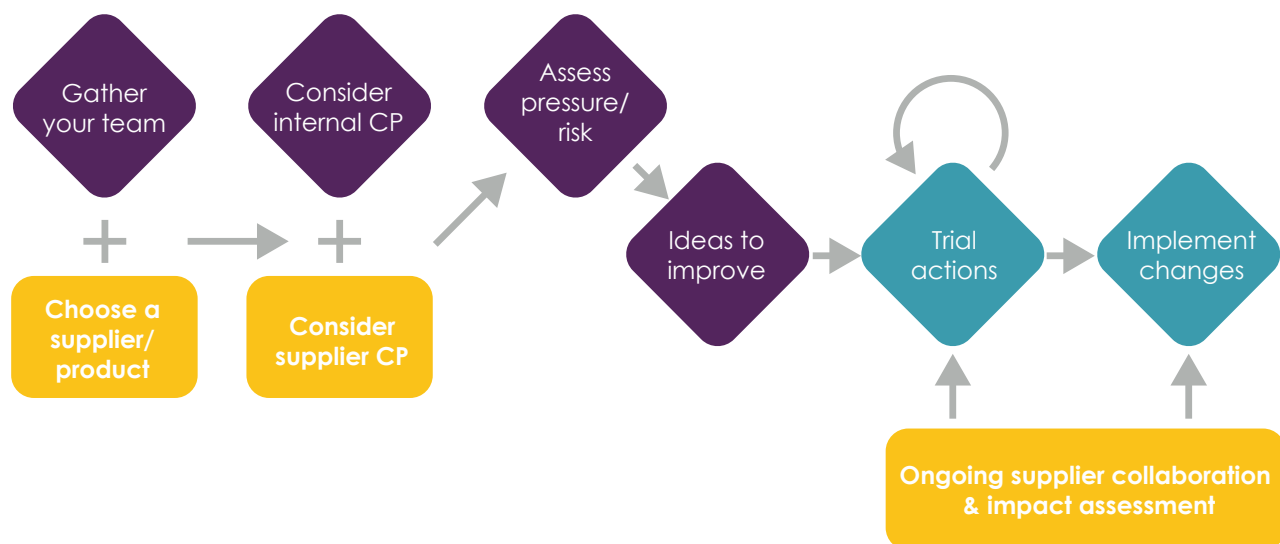
Responsible Purchasing Practices
Learning and Implementation Community

Through this exercise you will:

- Consider the timelines and actions involved in bringing a product line to market.
- Understand the pressures and risks experienced by your supplier.
- Develop solutions that share, mitigate, and prevent these pressures and risks.

The Process to Review Critical Paths:

You will have seen the process diagram for improving purchasing practices, in the “getting started” section of the RPP resource hub. Similar steps apply in this critical path review:



- **Gather your team:** This exercise needs cross-functional input (design, merchandisers, buyers, CSR/Sustainability). A live workshop is ideal.
- **Choose a supplier/ product:** Choose a supplier or two to work with on this, where there is a good long-term relationship. Perhaps choose one trend-led product and one staple/ always-in-stock product to review (ideally include one ready-made garment, where the factory is responsible for purchasing material and trims).
- **Consider internal critical path:** From development sampling to final purchase order (PO) approval, discuss your critical path to build an open/ honest understanding of how well it works in practice and where deviations often occur. (See “internal CP considerations”)
- **Consider supplier critical path:** Meet with your supplier to map out their side of the sampling and production critical path of your selected products. (See “supplier CP considerations”)
- **Assess pressure/ risk:** Consider how the current system is creating or compounding pressures and risks for your supplier.
- **Ideas to improve:** In partnership with your supplier and cross-functional team, brainstorm solutions to share, mitigate or prevent these pressures and risks. Prioritise the ideas that would have the greatest positive impact, or would be an “easy win”, to define next steps for action.
- **Trial actions and implement changes, with ongoing collaboration and impact assessment:** Seek regular feedback from suppliers and cross-functional teams to assess the impact of changes made to purchasing practices. Return to Principle 1 of the Common Framework to ensure improvements are integrated sustainably into the business.

Internal Critical Path Considerations:



Look at your internal critical path (CP) from the point your initial cads/ trends are sent out with a request for samples, to the final PO approval.

N.B.: Some brands have highly developed critical paths. Some are still getting these systems in place¹.

- **Overview:**
 - What is the breakdown of your CP? (The above flow-diagram is a simplified illustration. Look at the structure of your own CP. Refer to the outputs recorded when you did the procurement cycle mapping exercise (Principle 1).
 - Who is responsible for each stage?
 - How is each stage signed-off and by whom?
- **Development sampling:**
 - How long do you give your supplier to develop the sample for range building/ preliminary sign-off?
 - Does this include sourcing or knitting/ weaving fabric?
 - Does the fabric need to be printed? Do trims need to be sourced?
 - Are lab dips or testing required?
- **Range building, inquiry & preliminary sign-off:**
 - Are inquiries on price, quantity, lead-time made before preliminary sign-off, or after?
 - How quickly do you expect information on costing and lead-times? Is there time for negotiation?
 - Are you providing new specs at this point (e.g. own block vs supplier's sample)?
 - Does range build lead to further development sampling?
 - At what point do you give an estimate of order volumes and is this updated with demand information, if so, when?
- **PO placement & approval process:**
 - What is the timeline for approvals needed in this phase? Fitting, print strike-off, fabric/ lab-dip approval?
 - When are comments sent to your supplier?
 - Is the delivery date reviewed based on actual final PO approval?
- **Consider how well your internal CP works in practice:**
 - Which parts bring the greatest challenges?
 - Where do delays/ deviations usually occur? Why does this happen?
 - What are the impacts of delays/ deviations? What pressures/ risks do these create and for whom?

¹ To map a critical path, list all the steps involved in getting that product to market, with the timelines and responsibilities for each step. The joint ETI's [Guide to Buying Responsibly](#) or Fair Wear's [Fair Working Hours Guide](#) may provide helpful guidance. We recommend you map out your critical path before having discussions with your suppliers. The more detail you add, the more fruitful conversations will be.

Supplier Critical Path Considerations:



Before speaking to your supplier, review prior supplier feedback on production planning/ critical path. (This will show that you value the effort already invested).

Set up a meeting with your supplier to map out their side of the sampling and production CPs of your selected products. Ask where the pressures/ risks are most problematic for them. Remind them you want honest feedback, and that feedback will not have negative business implications.

- **Look at your internal CP. What is involved from your supplier's perspective?**
 - Sourcing available sampling fabric or knitting/ weaving new? Opening new print screens? Dying fabric/ yarn? Sourcing trims? Using special machinery? Does this require sub-contracting to other suppliers?
 - How is sample room/ making capacity managed? Does the current system enable effective planning?
 - How is factory capacity managed? Does CP enable effective capacity planning?
- **Production process:**
 - Do you have a process to identify and agree on which raw materials you will buy or nominate, and which are the responsibility of your supplier?
 - What is the full 'bill of materials' from your supplier's perspective? (Everything they need to make the product: fabrics, trims, thread, heat stamps, packaging etc.)
 - What are the lead times for each of the items on the bill of materials?
 - Which materials need to be ordered before product sign-off and PO confirmation?

Assess pressures and risks:

- Ask how the sampling and production CPs are creating/ compounding pressures/ risks for your supplier:
 - Which parts bring the greatest challenges?
 - What risks are being held by the supplier?
 - Where do delays/ deviations usually occur? Why does this happen?
 - What are the impacts of delays/ deviations? What pressures/ risks do these create and for whom?
 - What happens if you or your nominated material suppliers are the cause of delays?
 - Is there agreement about if/when changes can be made after the PO is placed? What are the impacts?
 - Considering the 'bill of material' lead times, is your supplier able to order correct amounts with the information they have at the point of order? How is the risk of materials being ordered but not used managed/ mitigated?
 - Are timelines in the CP realistic (e.g., based on actual time needed to prepare samples etc.) or idealistic (e.g., squeezed to fit a theoretical business model)? What are the risks/ impacts of unrealistic timelines?
 - What potential changes/ solutions does your supplier propose to improve the CP and associated processes? (See ideas to improve)

Ideas to improve:

In partnership with your supplier and cross-functional team, brainstorm solutions to better share, mitigate or prevent these pressures and risks. As you discuss and trial actions/ solutions, refer to Principle 3 of the [Common Framework](#).

Be creative! If delays and deviations are common within your current CPs, this won't change on its own. The purpose of this exercise is to create better systems. The industry 'status quo' is not sustainable, so aim to rise above it!

You can continue to discuss possible actions and changes with your suppliers after the initial meeting.

- What ideas for possible changes /actions are forming, together with supplier(s)?
- Who do you need to discuss this with internally, and what are the next steps to explore possibilities?
- Changes or actions need to be developed together with suppliers, rather than independently from them, to make sure these will be genuinely beneficial.

For example:

- What creative changes could be made to move towards sharing/ preventing/ mitigating suppliers' risks (e.g., financial/ labour/ materials?)
- How could development sampling be improved to share/ mitigate risk or enable better use of that time?
 - 3D sampling?
 - Committing to buy a print if cylinders are engraved?
- Could internal adherence to the critical path be improved?
 - Thinking outside the box/ beyond the status quo: what changes to internal processes would help to reduce last minute changes or late approvals?
 - Do you collect data on critical path adherence so you can track progress and have accountability? (e.g., delays caused by missing critical path deadlines internally, number of samples to each order, late sample approvals, late confirmation of POs, last minute changes or changes after 'final' orders have been given) If not, what data do you think it would be helpful to collect and track, to drive improvements, and how would this work in practice?
 - Do you have KPIs for buyers and designers related to critical path adherence? If not, what KPIs might be helpful and how would this work in practice?
- You may need to evidence identified impacts to build the case for change.
 - If materials are regularly over-ordered due to inaccurate order quantity estimates, is there a way to show to consolidated value/ aged stock?
 - Do you capture data on sample hit-rate and the cost of this sampling? (to your business or your supplier's)

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