

Never let a good crisis go to waste.





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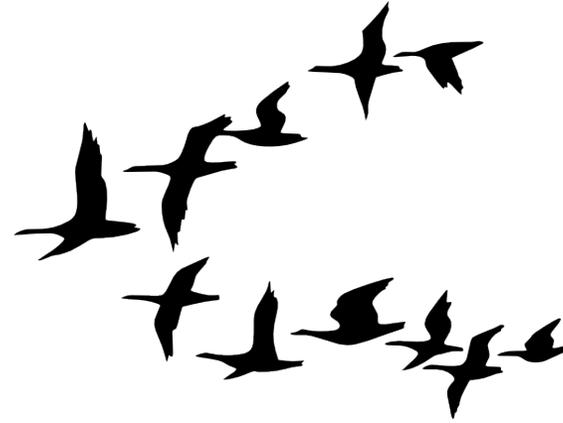




RM	\$0.94
LABOR	\$0.89
OH	<u>\$0.36</u>
STD	\$2.19
PRICE	\$2.75

25%

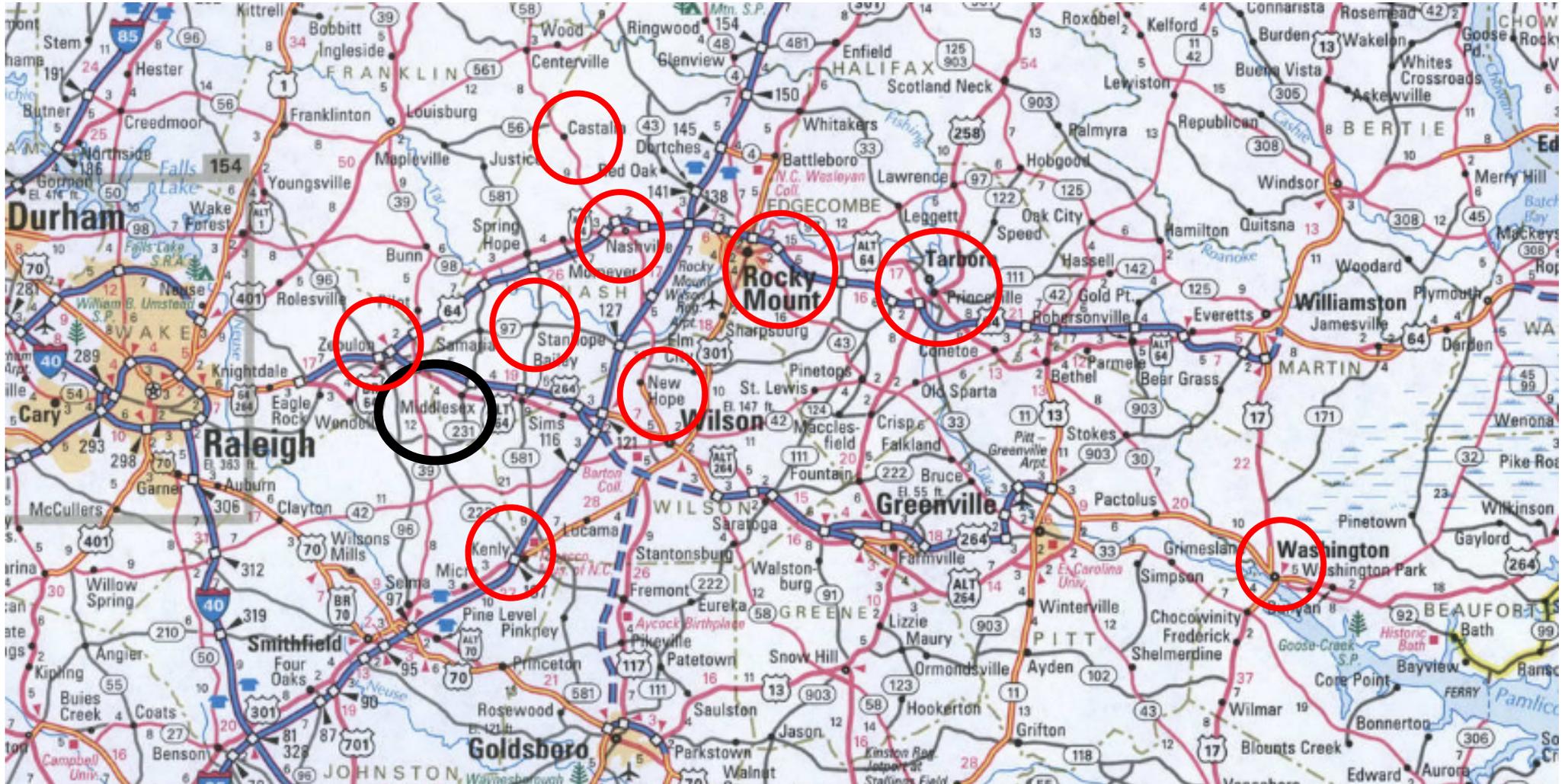
- Mills move **SOUTH**
- Labor, Land and Electricity are all Cheaper
- Nearer the source of fiber
- Hours are less regulated
- Unions are weaker or non-existent
- Services remain in NY near buyers



“The Textile Industry isn’t going back to New England, and efforts to make it do so by awarding war contracts which the South can fill better and cheaper are simply more of what someone somewhere has called federalism gone mad and socialism come creeping”

News and Courier, Feb 16, 1952









RM	\$3.30
LABOR	\$3.30
DUTY	\$0.00
FREIGHT	\$0.20
QC/COMP	\$0.04
OH	<u>\$1.37</u>
STD	\$8.21
PRICE	\$11.00

34%



Taylorism

- Break complex tasks into simple ones
- There is one right way

Motion Studies

- Reduce unnecessary motion
- The Therblig



Frederick Taylor
1856 -1915



Frank B. Gilbreth
1868 -1924

Labor Rate	0.15
SAMS	26
Direct Labor = Rate* SAMS	3.9

Work consists mainly of simple, not particularly interesting tasks. The only way to get people to do them is to incentivize them properly and monitor them carefully.



Managing THERBLIGS

Reach

Move

Grasp

Release Load

Use

Assemble

Disassemble

Pre-Position

Hold

Rest

Position

Search

Select

Plan

Avoidable Delay

Unavoidable Delay

Inspect

The Biggest Single Cost in a Fashion Product is the DEMAND MISMATCH

The markdowns at US apparel retailers and department stores are typically in the **50-70% range**

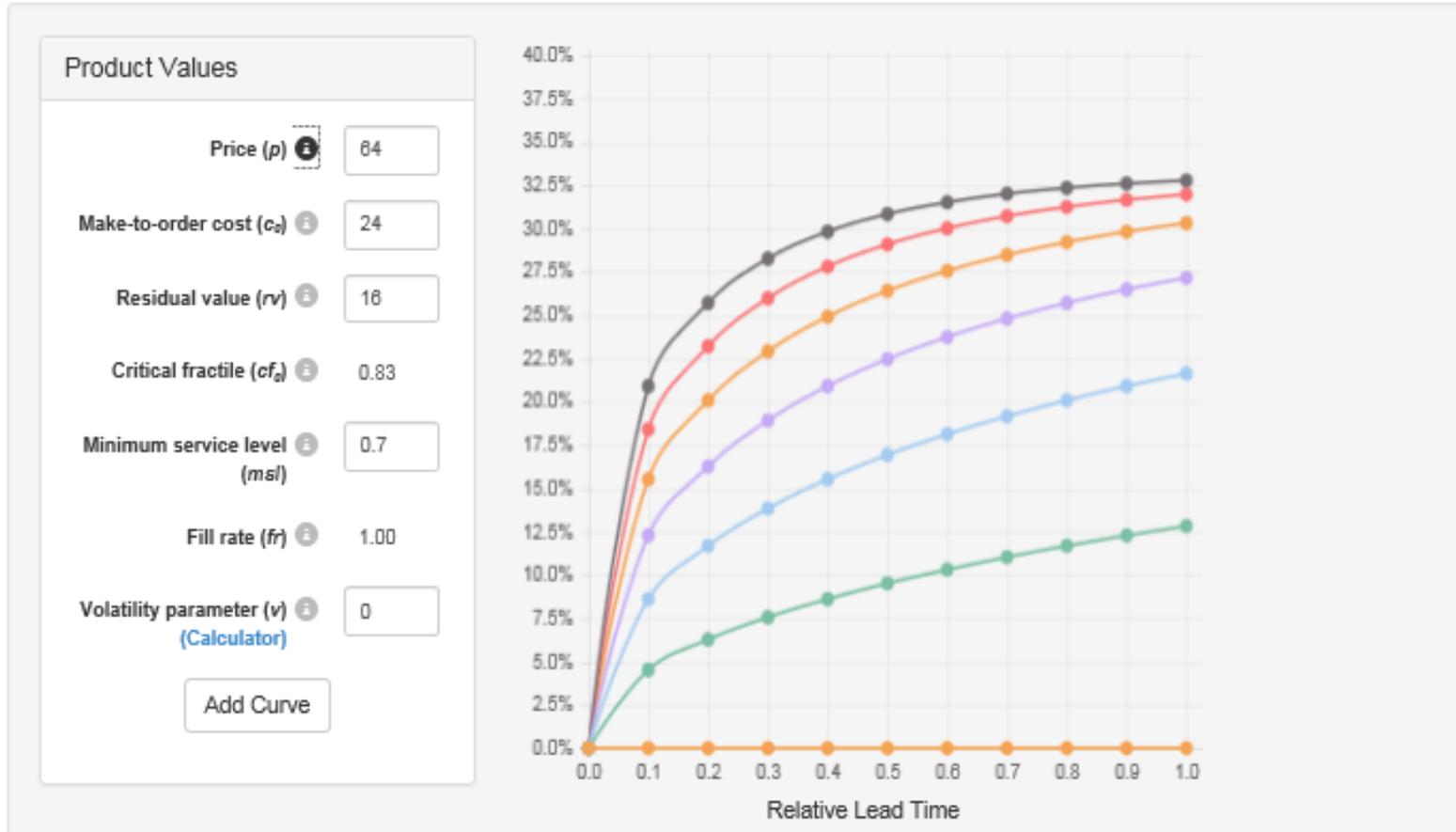
Estimates of the costs of markdowns alone range widely, some as high as **33 percent of retail sales**

-Forbes Magazine, March 2015



Labor Rate	0.15	0.135	0.15
SAMS	22	22	22
Duty Rate	16.00%	16.00%	16.00%
Fabric and Trim	\$3.30	\$3.30	\$3.30
Sewing	\$3.30	\$2.97	\$3.30
Duty	\$1.06	\$1.00	\$1.06
Freight	\$1.46	\$1.46	\$1.46
OH	<u>\$0.66</u>	<u>\$0.63</u>	<u>\$0.66</u>
STD	\$9.78	\$9.36	\$9.78
PRICE	\$15.00	\$15.00	\$16.50
	35%	38%	41%
	\$5.22	\$5.64 8%	\$6.72 29%
RETAIL PRICE	\$75.00	\$75.00	\$80.00
OTD Retail	\$26.00	\$26.00	\$28.50
	42%	42%	42%

Cost Differential Frontier Calculator



- If Demand Volatility is low, time has little value.
- If Demand Volatility is high, **time has enormous value.**
- Modest savings in time are not enough to protect from mismatch.

Managers do not solve problems, the
manage messes.



LIVE CHESAPEAKE BAY, MD



NEW THIS MORNING

SHIP OUT OF LUCK

"EVER FORWARD" TRAPPED IN CHESAPEAKE BAY FOR THREE WEEKS



0:22 / 2:54

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“This has been said by many others in many different ways, but we are in at the crucial place of a cultural change called the Change of Age. A Change of Age doesn’t occur very often, the last one was the Renaissance and that was 400 years ago.”

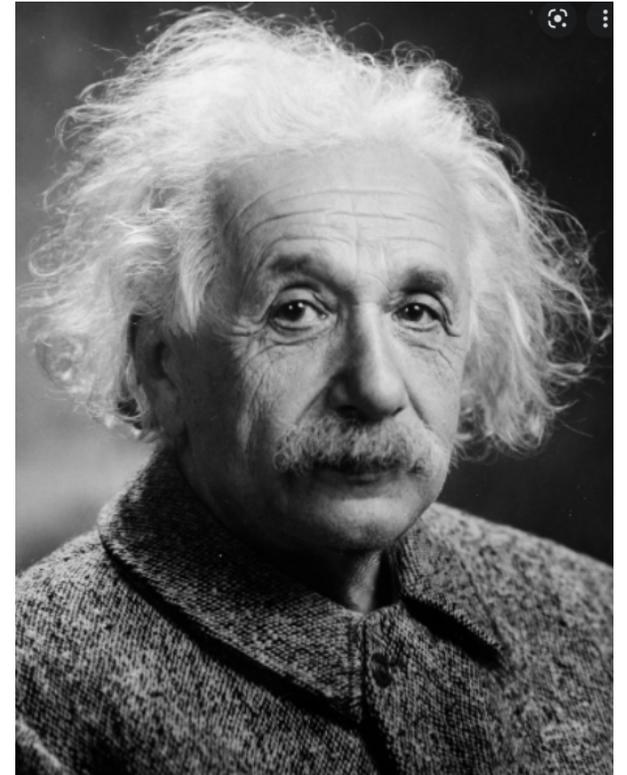
We can't solve problems by using the same kind of thinking we used when we created them.

It's about interconnectivity (CARLOS)

It only works if it is all connected together (KURT)

We can't predict what the consumer wants anymore

All of these things have to come together



A system is not the sum of its parts. It is the sum of its interactions. Once you take it apart it loses its essential properties.

(The whole is greater than the sum of its parts.)