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PVH Suppliers' Summit: Take Away (2)

Dear Penfabricans,

Successful branding brings about market recognition, prestige being associated with such brands. This results in desirable customer demand. A culture and fan following is created. Hence, sales of these branded merchandises will skyrocket with enormous profits flowing in.

Today, millions of brands exist in the market for different reasons, peoples, and territories. There are brands for the young and trendy, brands for the elderly like for our parents, brands to make one standout in the crowd. There are brands for many uses and recognition of quality, style, followers of certain movie stars or cults. For instance, GiGi has an Instagram following of 35 million people. Mighty is the influence of GiGi. There are also regional brands and global brands.

Brands bring about emotional appeals, emotional connections and attachments. Consistency of the brand image, targeted at certain segment of the audience, brings about good results. The brand halo projecting the desired image, must be maintained across the price level, be it a \$5 piece or \$5,000 pair. Some brands connote a sense of stability. The same stuff each and every time as one would expect in terms of taste and satisfaction, like Coca-Cola. Other brands radiate innovation. It is said that in branding, imagination is more important than knowledge. Welcome to the creative revolution of branding.

At the recent PVH Suppliers' Summit in Chiang Mai, the company revealed that in 2012 their OTD (On Time Delivery) for finished products was 65%. When merchandises that were 5 weeks' late were included, the figure came up to 97%. Such was the pathetic state of affairs at PVH then. In 2016, the OTD number shot up to 97%. An incredible improvement. Question is :

who was that reminding 3%? Your guess is as good as mine! What is the magical solution for this dramatic improvement of OTD? PVH touted this achievement as "Operation Excellence". To put it bluntly, they eliminated all the inefficient, lethargic, not punctual delaying suppliers. Only excellent suppliers are with them now. Fewer but excellent suppliers. Such simple sleight of hand. Why don't we think of it? At the same time, PVH declared that from now on, they will only work with "Innovative Suppliers". PVH made a survey of their stable of suppliers. Conclusion was that only 2% of their suppliers were innovative, 6% fast followers while 92% were laggards. Their catch phrase is: **Innovate or Die. Question is : where does Penfabric fit in?**

When PVH first looked into CSR issues in all their suppliers in 2012, to their horror, they found that half of their suppliers were not in compliance with CSR. Today, 100% of PVH suppliers are in full compliance of CSR. How do they manage to get 100% vendor compliance in CSR over such a short period of time? The solution was quite simple and straight forward. They dropped all those suppliers who were unable to comply with their CSR specifications. It may sound ruthless. Nevertheless, this sure is the most effective method of operation. Such is the reality and ruthlessness of the market place. **Fewer better qualified quality suppliers. Are we in the game?**

The next milestone that PVH is looking at is ZERO DISCHARGE for the dyeing and finishing operation. PVH has set up new textile and garment operations at Hawassa district in Ethiopia. All their participating factories are operating under Zero Discharge criterion. Where do Penfabric go from here? What is our answer to this challenge? Penfabric will install the best water recycling plant, sponsored by Toray Japan, so that a big part of our water will be recycled and reused, thereby reducing the burden on the water treatment plant. This will also reduce the amount of effluent discharges into the sea. It is going to be a significant contribution to environmental protection in Penang.

Dear Penfabricans, globalization has taken root. The world now has become a village. The strong companies become stronger. They become global giants in their own area of excellence, even in the case of niche markets. The weak ones retreat and disappear into obscurity, forgotten. **The catch words today in the playing field are: Speed and Agility. Without these two capabilities: Move over.**

Have a blessed weekend while mulling over how Penfabric will move ahead in tandem with the global brands and be amongst them.

Thank you.

With kind regards,

HSTeh.