



Responsible Purchasing Practices
Learning and Implementation Community



Responsible Purchasing Practices Ideas Production Planning

December, 2023

This document captures ideas to enhance production planning between buyers and suppliers, in order to improve purchasing practices. It is an invitation to discuss mutually beneficial changes between buying and supplying sides.

These conversations could happen directly or supported/facilitated by the [Sustainable Terms of Trade Initiative \(STTI\)](#) (More details on how to move forward with these conversations at the end of the document).

The list of ideas has come from discussions between a group of 36 garment brands, and a group of manufacturers, on the topic of 'production planning', facilitated by the ETI, Ethical Trade Norway, Fair Wear, Partnership for Sustainable Textiles and Solidaridad (more details on the background at the end of document).

Responsible Purchasing Practices

Responsible Purchasing Practices (RPP) means that practices involved in buying products or services from suppliers, do not negatively impact the human rights of workers in supply chains. Ultimately responsible purchasing practices lead to more stable and resilient manufacturing businesses, which lead to more stable and reliable supply. 'Purchasing Practices' encompass design and product development, planning and forecasting, critical path management, contracts, technical specifications, order placement and lead times, cost and price negotiations, and payment terms. They also include the underlying behaviours, values and principles of purchasers, which impact suppliers and ultimately workers' lives.

Ideas for actions that could be taken by purchasing companies, to improve production planning, in collaboration with their manufacturers .

The ideas were shared in the meeting from garment brands already trying to improve purchasing practices.

Internal communication, collaboration and training

Cross-department communication and collaboration: Establish regular meetings for individuals from departments relevant to Responsible Purchasing Practices (RPP) (this might include supply chain, product development/design, planning, sales, sustainability, finance, and legal departments) to review policies and procedures and to ensure accountability and alignment.

Training: Conduct training sessions for relevant staff to deepen understanding of the critical path and production and the technical construction of garments, including the possibility of hands-on experiences such as spending time with suppliers, to enhance factory-side knowledge. Provide coaching for new buyers, emphasising a collaborative and partnership-oriented approach in their daily operations and dealings with suppliers.

Tech pack accuracy

Collaborative approach: To increase accuracy of tech packs first time, to minimise later changes and reduce the number of samples, suggestions included:

- Close collaboration and communication between technical, design teams and supplier
- A comprehensive checklist/template that covers all details
- Clarity on which details are important from a design perspective and which can be determined by supplier
- All information for a single style in one consolidated document
- 'How to measure' guide
- Clearly defined and assigned roles for tech pack creation, review and final approval (including individuals with sufficient technical knowledge)
- Allocate time to review the tech pack with suppliers, to seek their feedback and suggestions before finalising

Sampling

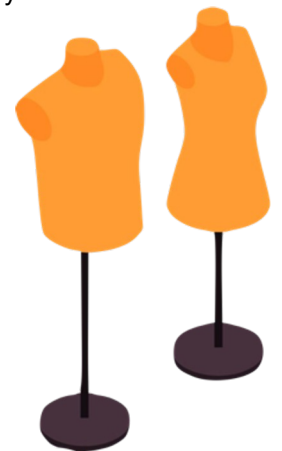
Track and review sample numbers: Track, monitor and review the number of samples for each style order ('hit rate'), to encourage internal accountability and improvement.

Aim to reduce the number of samples: Some of the suggestions for achieving this included:

- Visualise products with clear pictures, paper patterns or actual samples/mock-ups
- Use video calls in the early stages to discuss and clarify what the designer/ buyer is trying to achieve and collaborating on solutions, and at different approval stages
- Where possible agree colour palettes for a season ahead of the shapes/styles being finalised, to give time for lab dip approvals
- Some brands with local teams in manufacturing countries involve them at various stages of approvals
- Pattern library with mock-ups and/or a pre-approved material library
- Some companies are using 3D design software for sample approvals (but the significant cost burden of this on suppliers must be carefully considered)

Forecasting

Forecast communication frequency: Increasing the frequency of communicating updated forecasts and volume estimates based on demand information (and sales performance/inventory information later in the process), helps manufacturers plan production efficiently. Discuss with manufacturers to determine the suitable frequency - ranging from monthly updates to annual forecasts with quarterly revisions.



Enhance forecasting accuracy: Improve forecasting methods for better long-range planning. Involve the merchandising team in the development of forecasting plans to minimise changes, aiming for accuracy within +/-20%.

Forecast review and solutions: Conduct regular (weekly/ monthly) reviews of forecast accuracy against actual orders. Address significant differences (e.g. 20%) by discussing potential impacts and solutions with suppliers. For orders below forecasts, consider 'level loading', by bringing forward other orders, or placing orders for repeat styles or 'never out of stock' items, to utilise capacity. Some companies give manufacturers a 'release date' when they communicate the factory capacity which is not required, allowing suppliers to find alternative buyers. If orders exceed forecasts, consider redistributing production to factories with spare capacity, or adjusting delivery dates.

Excess fabric due to inaccurate forecast When there is excess fabric, because of lower-than-planned orders some brands repurchase the fabric from manufacturers, develop new products to use up the materials, or try to use it in other styles or for the next season, to reduce the financial loss to manufacturers.

Critical path

Communication with suppliers: Establish open and regular (e.g. weekly) meetings/video calls with suppliers to closely align on orders and available capacity, production planning, calendar adherence, and upholding workplace standards. This allows you to understand each other's needs and challenges, so you can work together towards shared goals, with open conversations at the early product development stage and through production, asking about the supplier's challenges and the actual impact on workers of potential changes. Jointly develop flexible solutions, including adaptive delivery dates, or splitting the delivery of larger orders, where possible. Ensure unified messaging to suppliers by aligning communication from different departments.

Supplier engagement: Simplify and share the drafted critical path with key dates with suppliers, inviting feedback on feasibility, so suppliers can suggest changes.

Efficient approval procedure: Simplify the sign-off process, reducing layers and involving fewer individuals for quicker decision-making, to prevent bottlenecks and delays.

Set protocols for last minute changes: Set protocols for handling leadership-requested changes, with strong communication between commercial and CSR teams and a good awareness of the actual impact of changes on factories and workers.

Accountability for critical path adherence : Set KPIs for critical path adherence performance (making decisions on time), track and review performance, integrate into evaluations for relevant individuals and teams, and report to top management, to increase accountability.

Handling delays: By tracking critical path adherence internally, it is then possible to know if a delay is caused by a missed deadline for decisions or information from the buying side, in which case the supplier isn't held responsible for delayed delivery (e.g. extended deadlines or waiving penalties for the late delivery). Collaborate with suppliers to agree on a new delivery date, avoiding negative impacts on suppliers and workers.

Beyond Tier 1: Some brands are developing direct communication with nominated material suppliers, to share forecasts, to support planning and reduce delays. Other companies are purchasing materials and trims directly through local offices, to reduce financial risk to suppliers. Ordering and storing griegie fabric can improve efficiency and minimise delays for production.

Balancing orders

Order placement strategy: Understand suppliers' high and low seasons, placing less seasonal product styles in low seasons (carry-over or 'never-out of stock' styles). Conduct early product approvals ahead of anticipated peaks to give a smooth ramp-up, or request early shipment of some products, to balance workload.

Supplier product diversification: Encourage key suppliers to diversify their product range, mitigating seasonal production fluctuations. For example, a factory specialising in highly seasonal products could explore also producing less seasonal items.

Flexible production planning: Qualify multiple suppliers to produce the same style for large programs. This allows for volume adjustments between factories as sales fluctuate, optimising production capacity.

Batched release of orders: Some companies are releasing product orders in stages, with staple colours like black and navy first and fashionable colours later.





Process for moving forward

We hope that you and your supplier discuss these ideas, and are able to make positive changes, even if these are only small-scale trials at first.

You can do this by directly contacting the supplier who sent you this document, or by contacting STTI to facilitate these discussions. If you would like STTI to support this process, you can contact Weini Zhang at weini.zhang10@gmail.com or Lisa Ramershoven at lisa.ramershoven@giz.de.

Background

Facilitated by the multi-stakeholder initiative (MSI) Working Group on Purchasing Practices, the ‘[Learning and Implementation Community](#)’ (LIC) is a group of garment brands and retailers committed to improving purchasing practices. Their work is structured around the [Common Framework for Responsible Purchasing Practices \(CFRPP\)](#).

The CFRPP (the framework) is a reference point to support companies to implement practical improvements in purchasing, together with supply chain partners, to increase the scope for improved working conditions in supply chains. It groups aspects of RPP into **five Principles**: Integration and reporting, Equal partnership, Collaborative production planning, Fair payment terms and Sustainable costing.

The LIC is working closely with the [Sustainable Terms of Trade Initiative \(STTI\)](#), a manufacturer-driven initiative focused on creating fairer purchasing practices in the textile and garment industry. To promote a more balanced commercial relationships between buyers and suppliers to achieve long-term supply chain sustainability, manufacturers must play an equal part in the conversations. As such, a set of recommendations of better purchasing practices was developed by STTI in 2021, in consultation with manufacturers. Almost all of these recommendations are now included in the framework of CFRPP.

In September 2023, a group of suppliers/manufacturers and garment brands attended a meeting of the LIC, to discuss the topic of ‘production planning’. The main recommendations for actions are given in the ‘Principle 3: Collaborative Production Planning’ section of the CFRPP. The section includes practices such as improving efficiency of sampling/ product development, better communication of forecasts and capacity planning, efforts to balance orders to reduce extremes of peaks and troughs and ensuring sufficient lead time for compliant production. The previous pages include the summary of supporting ideas for positive action that came out of the LIC meeting discussions.

Editors

Weini Zhang, Hilary Murdoch

As of

December 2023

Published by

Sustainable Terms of Trade Initiative and Learning and Implementation Community