

Fast React Systems - Specialist Planning & Sourcing Solutions for the Apparel, Textile & Footwear Industries

Effective Planning in a Footwear Business

Background and Current Environment

The Dynamics of Planning in the Footwear industry are ever changing.

Five years ago a stable demand environment (relatively small numbers of large volume orders), a high degree of product stability (long life-time products) and relatively 'relaxed' lead times, placed little real demand on the planning processes required in a typical footwear business.

In today's highly competitive environment, footwear businesses face an increasing number of challenges, including:

- More products (and product variants) to manage
- Globalisation of the supply chain
- More frequent & smaller orders
- Changing customer/market requirements
- Continual pressure for better value

In recent years, many footwear businesses have recognised the need to invest in information technology to enable them to compete in this tough environment.

The majority of existing business systems offer some planning functionality, but given the transactional nature of such systems, they cannot effectively support the planning processes that are crucial in today's global footwear supply chain. As a result, the vast majority of footwear businesses are forced to

resort to the use of manually maintained spreadsheets to plan.

Whilst this spreadsheet approach is often a necessity, it should be appreciated that this planning method has a series of inherent weaknesses as follows:

- Designed by one person and not transparent (islands of information)
- Not visual, do NOT highlight problems clearly
- Cumbersome and difficult to manage with large numbers of orders
- VERY difficult/time consuming to amend when requirements change

The Key Planning Criteria

In order for a Footwear business to be effective in today's difficult trading environment, it is imperative that the key planning criteria are fully understood and effectively monitored. The relative weights of the key criteria will vary from business to business but they will remain constant.

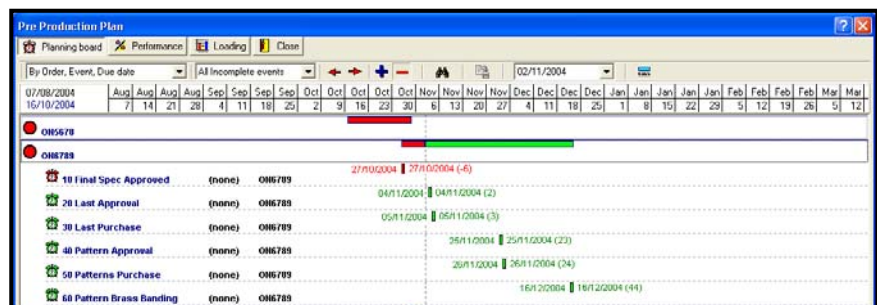
- Critical Path Management
- Capacity Planning
- Materials Planning
- Last Management

A realistic plan will ensure that each of these key criteria is monitored and balanced. An effective planning system will ensure that visibility of these key criteria is maintained in a simple and visual manner with the planner/merchandiser being alerted whenever a problem occurs.

1. Critical Path Management

This is the effective management of the key activities required to get an order into production either in own factories or in your supplier's factory; without these key activities being completed an order cannot be started.

In order to make critical path management effective, each activity should be the responsibility of a nominated individual and be due on a specific date (as driven by the order date).



This screenshot shows how outstanding critical path activities for all orders can be shown, with overdue activities being high-lighted in red

To find out more about how Fast React Systems can help your business, contact:

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As activities become due, automatic alerts should be issued to the responsible person and as events become overdue, this fact should be immediately alerted to the planner/merchandiser so that the appropriate action can be taken.

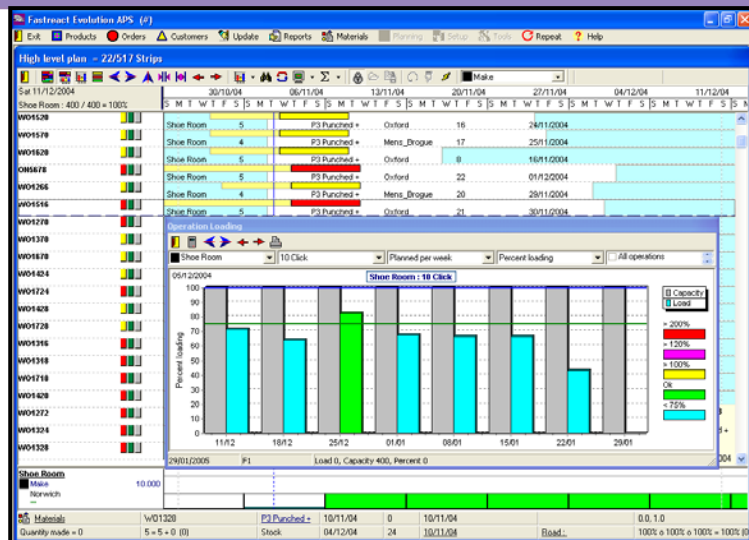
2. Capacity Planning (also production scheduling)

This is the effective monitoring and utilisation of production capacity either in own factories or at supplier factories.

It is imperative that the capabilities (and any constraints) of the production facilities are known. This should include not only overall capacity planning (e.g. 120 pairs per day), but should also include key constraints (e.g. maximum of 80 pairs per day of product type 'X'). An effective plan should ensure that all these key capacity constraints (restrictions) are known and effectively monitored. In the case of own factories this type of plan should lead to a detailed production plan (or schedule) which details the sequence in which orders should be manufactured.

3. Materials Planning

It is imperative that where materials are managed and controlled (does not apply in a fully sourced environment) that the material requirements are known and effectively planned by order. With the large number of sizes and size dependant materials that are required in the Footwear business, it is imperative that the materials planning process is as easy and transparent as possible. Material requirements by order should be quickly and dynamically calculated by order (or where common materials exists by



This screenshot shows a planning board style view - that illustrates how two types of capacity constraints (shoe room and clicking) can be monitored at the same time as material shortages (high-lighted as red)

material type) and material availability checked (both materials on stock and on order). Any potential shortages should be highlighted so that the planner/merchandiser can take the appropriate action.

4. Last/Mould Management

This is another area where footwear businesses have an additional complication. It is often the lack of availability of the required last or mould that can cause an order to be delayed. As lasts/mould are often style/size/width dependent, a shortage of the appropriate last/mould can cause a delay to an order (e.g. order is for a quantity of 20xStyle 1234 in size 10 width EE and we only have 2 lasts of that size).

Whilst superficially this problem can be solved in the same way as material planning, it should be appreciated that as lasts/moulds are re-usable material they must be treated (and planned) differently.

Co-ordination of the 4 Key Planning Criteria

Monitoring of these individual key

planning criteria is not enough; it is the complete co-ordination of all 4 that can turn an effective plan into a realistic plan. It is not sufficient to ensure that the critical path activities are completed on time. There must also be sufficient production capacity available in addition to the required materials/lasts/moulds available; otherwise we will not be able to complete the order by the due date.

Conclusions

The requirements for planning in the footwear industry are becoming more complex.

Existing planning mechanisms in place in most businesses will not be able to cope.

The control and co-ordination of the 4 key planning criteria are essential to survival.

Fast React Systems saw the absence of effective systems in this area and have developed a range of highly visual, flexible planning solutions to specifically meet the needs of today's footwear industry.

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