

## Sourcing And Global Sourcing

Global trade in **apparel manufacturing** has evolved the concept of fast fashion in a scenario where apparel is produced quickly with a low cost and with the 'chic look' now dominating the retail world. Fast fashion is mass-produced, reasonable in price for most consumers and easy to obtain, making it simple for anyone to look stylish. However, to become dominant in this retail business sector, sourcing has become a pivotal stage in the manufacturing process.

Sourcing is defined as the process of determining how and from where manufactured goods or components will be procured. The main motivation of the sourcing process is to obtain high satisfaction with the low-cost. Materials essentially incorporate piece products that will be cut and converted into the garments. In the case of **raw material**, it is also important that the raw material is available (both in quality wise and quantity wise) when it is needed along with the suitability of the material for garment design and end use. Sourcing essentially decides the most cost-effective merchant of materials, finds out where the material can be generated from and from where the completed products at the pre-determined quality be bought. It is one of the integral part of merchandiser's responsibility. Sourcing department along with merchandiser assumes the fundamental part of executing the order and shipment of them at lowest price. **Merchandiser** must ensure that all approvals related to the fabric and trims ought to be composed of the sourcing division in allotted time. Lead time, fabric and trim approval process, logistics expense and international commercial (INCO) terms are the essential parameters that need to be considered while choosing the sourcing strategies for a specific order.

Global sourcing is a procurement strategy that aims to take advantage of global efficiencies for the delivery of goods and services. For MNCs, it has become a strategic sourcing in today's competitive setting. Some popular examples of globally sourced goods and services are: labor-intensive goods produced in China at low production cost, BPOs staffed with low cost English proficient people in India, and IT (software and hardware) tasks performed by Indian and Eastern European low cost programmers. These examples particularly relate to low cost country specific sourcing but the scope and definition of global sourcing is not limited to low cost nations. In reality, global sourcing is a centralized procurement strategy of a multinational company, wherein a central procurement department seeks the economies of scale through corporate wide standardization and benchmarking. In short, global sourcing is a 'strategic business philosophy' that coordinates the world's most cost effective production and operation inputs such as men, materials, machines, technology, suppliers, engineering and other required facilities

### **Classifications of sourcing process:**

Different strategies are adopted for the procurement of raw material for the apparel industry. The following are the various types of sourcing process based on the

requirements.

- **Local manufacturer** - Fabric is manufactured locally, with local infrastructure
- **Traditional export** - Local fabric is exported to garment manufacturing countries
- **International sourcing** - Fabric is made locally, but raw yarn or fiber is sourced from other countries
- **Global sourcing** - Fabrics are made with parts sourced from abroad as part of global sourcing strategy
- **Off-shoring** - Raw material is exported first i.e., yarn or fiber, then fabric is re-imported to meet the demand
- **Global manufacturing** - Fabric is manufactured in other country.

Out of the above-mentioned methods, the local manufacturing process is most commonly used by all the manufacturers. In case where there is no adequate infrastructure available in local market, the manufacturers shift to off-shoring or global manufacturing methods, especially for fabrics. These decisions of sourcing must be performed by merchandiser along with higher authority consultation. However, the role of the merchandiser in this decision-making process is very vital. Because the merchandiser is the only person in the company who will be aware of the status from the vendor or manufacturing side and also about the exact needs and requirements of the customer.

## **Stages of Sourcing Process in apparel industry:**

The stages in sourcing process are very subjective and dynamic; they differ for each and every order based on specific requirements. Hence, the merchandiser cannot have pre-determined standard operating procedure. In the same way, the lead time for each process will also vary depending upon the raw material even though the vendor remains same. The typical [sourcing process](#) of fabric / trims / other raw material sourcing in an apparel industry can be described as:

**Stage 1:** Proto sample approval

**Stage 2:** Approval process for material

- Trim card – for trims
- Artwork – for prints and embroidery
- Lab dips – for dyed fabric
- Desk loom – for fabric
- Print strike-off – for print colour and quality.

**Stage 3:** Approval / rework / correction of material and results from buyer

**Stage 4:** Purchase order development

**Stage 5:** Sample fabric / trims / lab dips for testing as per requirements

**Stage 6:** Approval from the customer / buyer

## **Stage 7: Bulk production and in-house.**

In this process, the material refers to fibre, yarn, fabric interlinings, buttons, zippers and other required items. The main objective of the sourcing process is to search and identify the target material anywhere in the world, negotiate for product quality and price and source the material at required time and quantity.

Since the availability at the right time and right quantity is the vital factor in the case of fabric along with design and end use requirements, it is ordered at very initial stage. In the same way, the accessories and findings are also sourced little earlier in the production process, however, the risk associated with the product requirements remain same like, in terms of cost, quality requirements and also the matching and suitability.

## **Factors Affecting Sourcing Process:**

### **Lead time:**

Lead time of the products varies with respect to different points like

- Point of origin
- Mode of transportation
- Open stock material or specifically made items
- Performance test requirements
- Imported or domestic.

In case of the imported product, the goods may require 6–9 months' time based on the location. Moreover, this also depends on the shipping methods used for transportation. In the same way, open stock materials are often available and delivered within few days due to its availability.

For fabric sourcing – 1–2 months

- Yarn dyed fabric – 1.5 months
- Fibre dyed material – 2 months

Based on the order requirement, the merchandiser needs to choose the particular vendor from the huge list of vendors, where he has to mind the quality and cost factors along with the lead time. Among the vendors, there are differences in lead time based on their manufacturing facility and capacity. Merchandiser should be aware of all those factors and should choose the correct supplier for the product.

### **Advantages of Global Sourcing:**

The global sourcing has following advantages:

(i) Low cost manufacturing

(ii) Tapping skills and resources that are not available in the home nation

(iii) Seeking the benefit of alternate suppliers

(iv) Utilizing an efficient supply chain management systems

(v) Learning global business skills

(vi) Meeting competition prudently and efficiently

**Disadvantages of Global Sourcing:**

Disadvantages of global sourcing philosophy are as follows:

(i) No exposure of international culture, traditions and beliefs

(ii) Hidden costs related to different time zones and languages

(iii) Financial and political risks associated with emerging economies

(iv) Risk of losing intellectual properties, patents and copyrights

(v) Long lead times

(vi) Labor problems and labor related issues

(vii) Unnecessary shutdowns and supply interruptions

(viii) Difficulty in supervision

(ix) Difficulty of monitoring goods and services quality

(x) .Language barrier , Cultural difference , Climate/time difference and Distance issue

In this way sourcing And Global sourcing is a main part of fashion World.