

Strategic Partnerships

Why it matters?

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What is a Strategic Partnership?

It is a mindset shift

From

“What’s in it for **me**”

To

“What’s in it for **WE**”

Strategic Partnerships is the only way forward

Key factors of increasing importance impacting Sourcing Strategies:



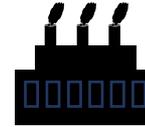
Labor cost, doubling every 5-6 years in key COOs



Raw material, energy, & water cost inflation



Competitive importance of speed & flexibility



Fewer, larger, and increasingly more powerful suppliers

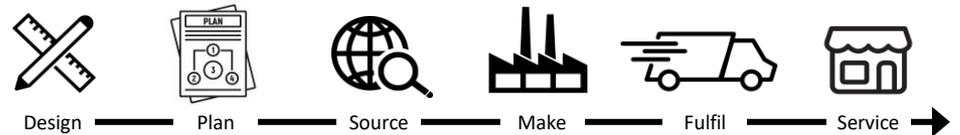


Increasing severity & frequency of major disruption events

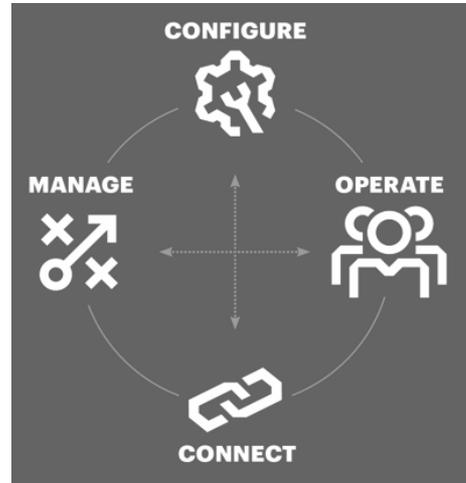
It requires a paradigm shift in the way we work

Because the **pace of business has increased** exponentially, the traditional one-way value creation will not be able to respond to market demands.

Traditional one-way value creation



The future of supply chain is through a network of partnerships – flexible and asset-light, where value creation is 2 way and continuous.



What are the types of strategic partnerships?

1. Vertical Strategic Partnerships (ie. with suppliers)

- Partnering with suppliers, 3rd party organizations to create new value with shared risks and rewards

2. Horizontal Strategic Partnerships (ie. with competitors)

- Partnering with competitors to improve and game-change an area of our industry
- The focus is nit to create discrete competitive advantages

Strategic partnerships have already been in place for a long time in other industries

Vertical (Supplier partnership)

TOYOTA x **Panasonic**

prime planet
energy & solutions

Solid-state lithium batteries for
electric cars

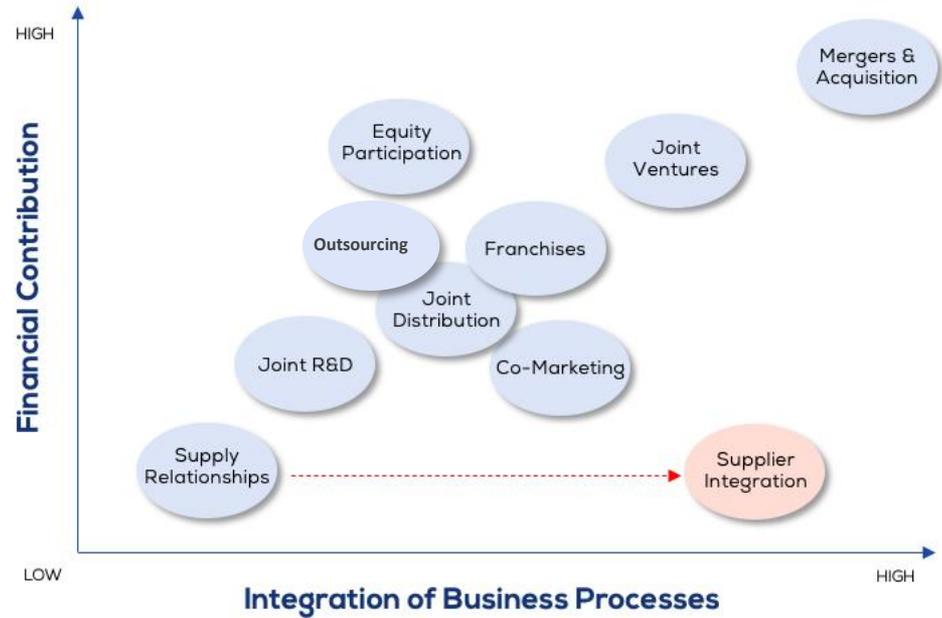
Horizontal (Competitor partnership)



Airline industry allows for route
sharing & reward programs



Types of Vertical Strategic (Supplier) Partnerships

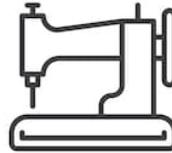


What do Vertical Strategic Partnerships allow you to do?



CREATE

- Design into manufacturing capability
- Leverage customer feedback
- Digital product creation
- Innovation
- Transparent costing



MAKE

- Raw material management
- Order management
- Capacity planning
- Demand planning
- Integrated quality control
- Nearshore manufacturing



SELL

- Inventory management
- Returns management

OVERALL BENEFITS

- Streamline processes
- Shorter lead times
- Flexibility
- Better products for customers
- Lower costs
- Increased profitability
- Risk mitigation



What do Horizontal Strategic Partnerships allow you to do?



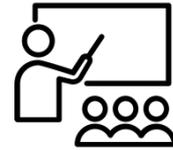
Common Factory Assessment

- Common audit formats to drive consistency and efficiency across industry



Joint Remediation

- Joint corrective action plans to mitigate negative impact across industry



Capability Building

- Operationalizing shared scaled programs, tools, and trainings to improve social, labor, and equality issues

Potential risks if not managed well

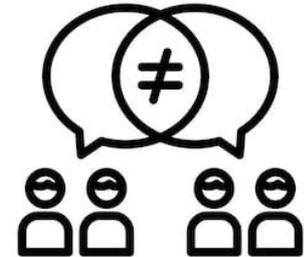
Underinvestment



Over Appropriation



Misalignment



Success depends heavily on adopting a proper strategy, alignment (within the company and between the partners) and seamless integration into the organization's processes and operations.