

# Collaborative Supply Chain

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Jason Kra

October, 2020

# About me

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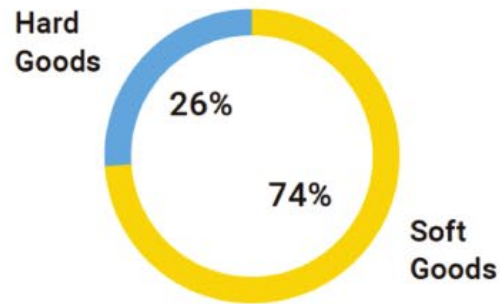


- President of Li & Fung, leading LF Americas, based in NYC
- Joined Li & Fung in 2012 via acquisition of FRC
- 27+ years' experience – live and breathe the NY garment scene
- Lifelong learner, instrumental rated polit
- Chronic entrepreneur
- Harvard AMP 2019
- Current Executive PhD Student in Fall 2019

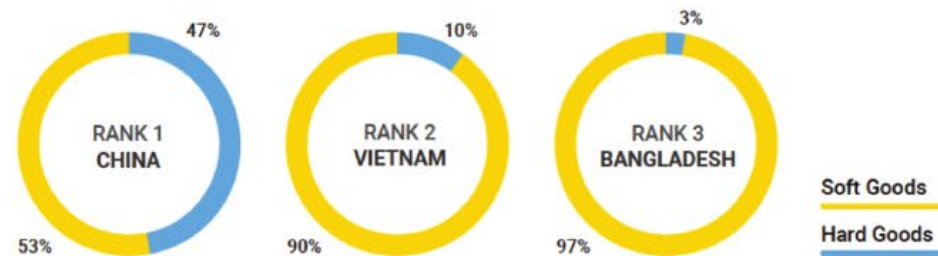
# About Li & Fung

Li & Fung provides flexible global solutions

## Group Product Mix



## Top Three Sourcing Countries



**8,200+** suppliers remain regularly active with order placements over a two-year period

We operate an extensive global supply chain network in over 230 offices and distribution centers around the world, working with our vendor base of 15,000 suppliers to add value to our global brand and retail customers.





# CORONAVIRUS (COVID-19)

# Factors

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- Bankruptcy
- Factory liquidity
- Customer credit risk / Credit availability
- Cancellations
- Supply chain liquidity
- Mobility: No travel
- Country closures
- Non payments
- Term renegotiations
- Company reorganizations



# BANKRUPTCY

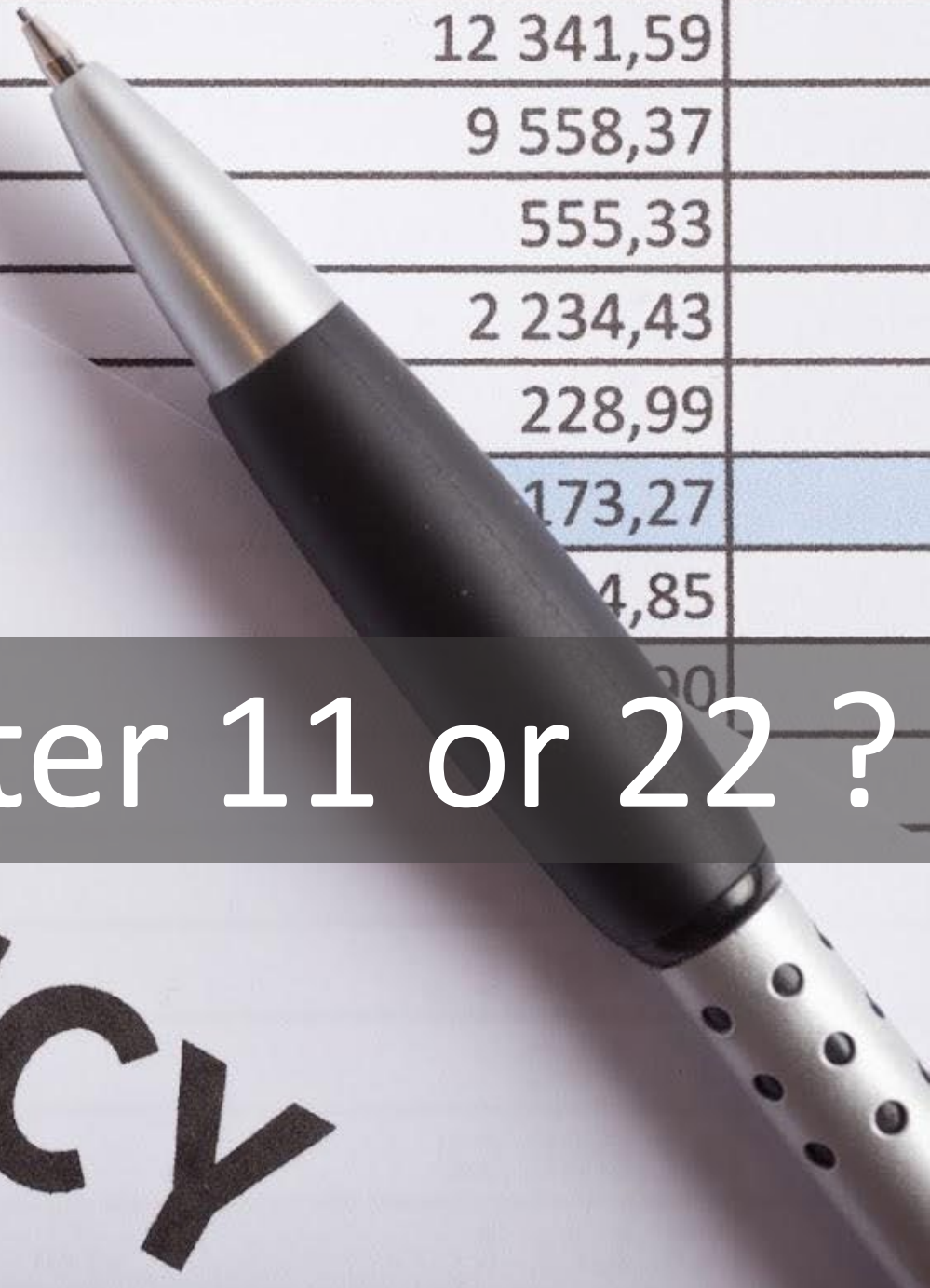
PETITION FOR

Chapter 11 or 22 ?

4 859,22  
9 939,23  
21

12 341,59  
9 558,37  
555,33  
2 234,43  
228,99  
173,27  
4,85  
30

Employer Name	Protocol Number
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# Supply Chain Responsibility

# Crisis In Chinese Is Comprised Of 2 Characters. Danger & Opportunity.

- The Chinese word for "crisis" (simplified Chinese: 危机; traditional Chinese: 危機; pinyin: wēijī (Mainland), wéijī (Taiwan)<sup>[1]</sup>) is frequently invoked in Western motivational speaking as being composed of two Chinese characters signifying "danger" and "opportunity" respectively.

危機  
危机

wēijī, wéijī





Skate to where the Puck will be next:  
Importance of Pivoting



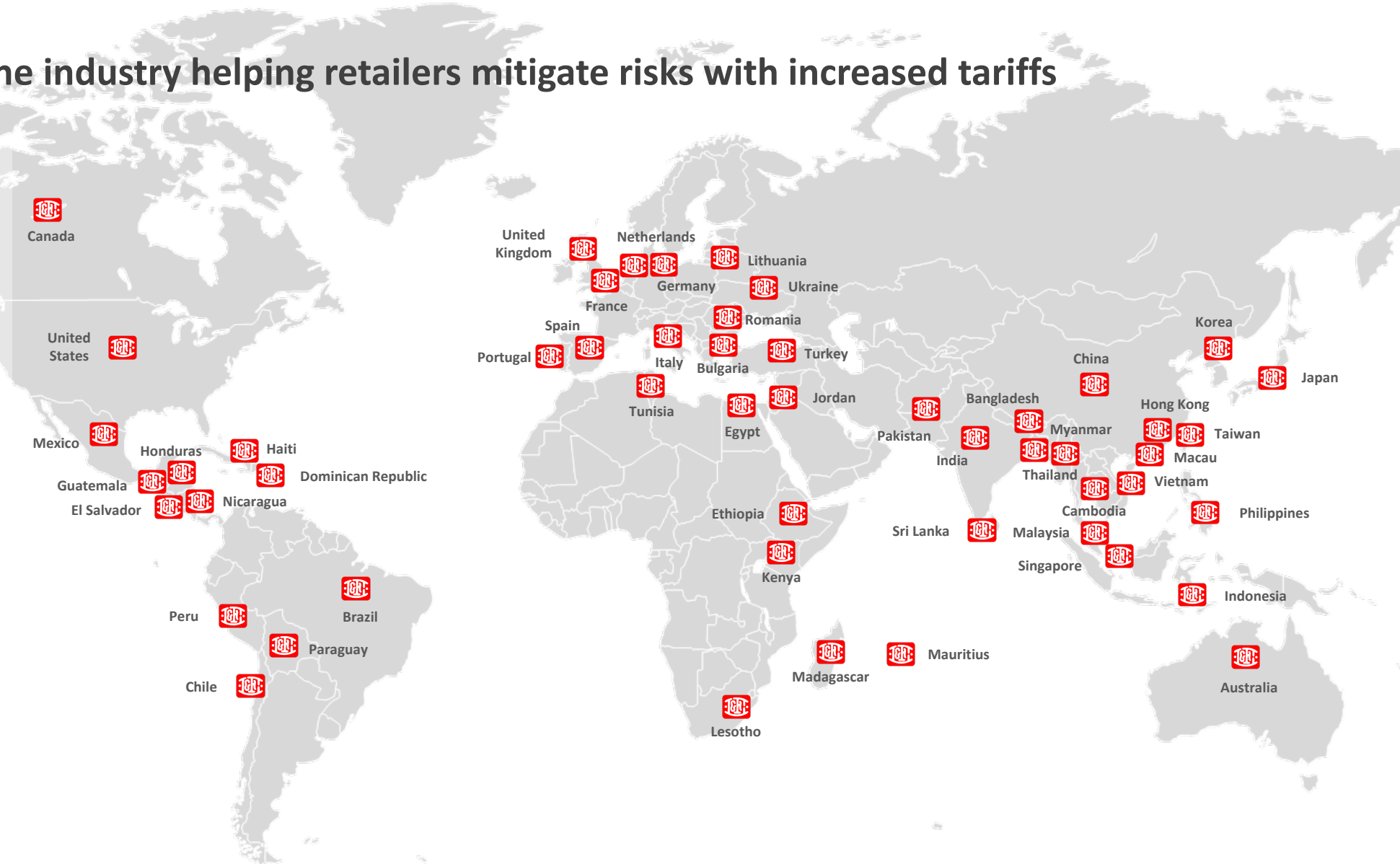
The big debate – Remote control  
Can you really run a business on Zoom?  
Can you build deep interpersonal connection virtually?



# Diversified Sourcing Strategy: Boots On The Ground

Largest network in the industry helping retailers mitigate risks with increased tariffs

- Global network about **50+** production economies
- **20-30** years of deep relationships with local vendors, regulators and business communities
- Proven ability to move quickly among economies of production
- On-going global diversification
- Total Sourcing Business from China:  
2016: **54%**  
2017: **53%**  
2018: **51%**





# The Big Game Changer



All Eggs in One Basket?



# Importance of Diversification





Take calculated risks. That is quite different from being rash.

— *George S. Patton* —

AZ QUOTES





**Defense**

**Offense**

Entering  
Downturn

1-2 Months  
Post-Downturn

**NfX**

# Need to create new types of value

New solutions | Reduce pain points

Flexible models | Logistical solutions | Expand duty free


# Speed and Digitalization

Product Development | 3D | Automation

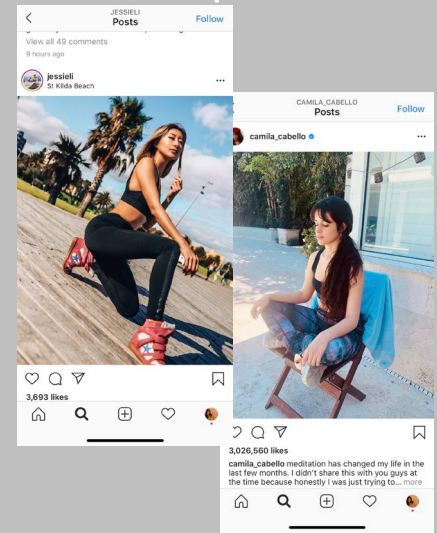


# End-to-end Digital Product Development

1



### Trend Inspiration



Two Instagram posts are shown. The first is from user 'jessele' at 'St Kilda Beach' showing a woman in a black top and leggings. The second is from 'camila\_cabello' showing a woman in a blue top and leggings. Both posts have high engagement.

- Emerging & Declining trends
- Assortment Gaps
- Product Suggestions

2



### Digital Product Development

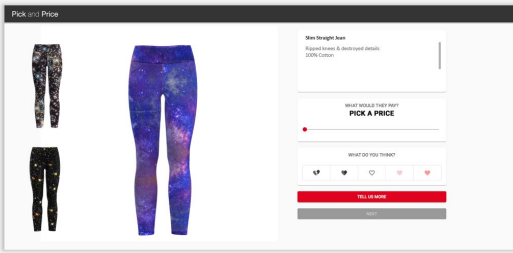


- Semi-Automated 3D Product Creation through use of Asset Library

3

### Digital Customer Validation

Customer product testing / Getting the "right products" at the "right prices"



A screenshot of a digital customer validation interface. It shows a 'Pick the Price' section with two leggings models. To the right, there are input fields for 'WHAT WOULD THEY WANT?' and 'PICK A PRICE', and a 'WHAT DO YOU THINK?' section with a 'TELL US MORE' button.

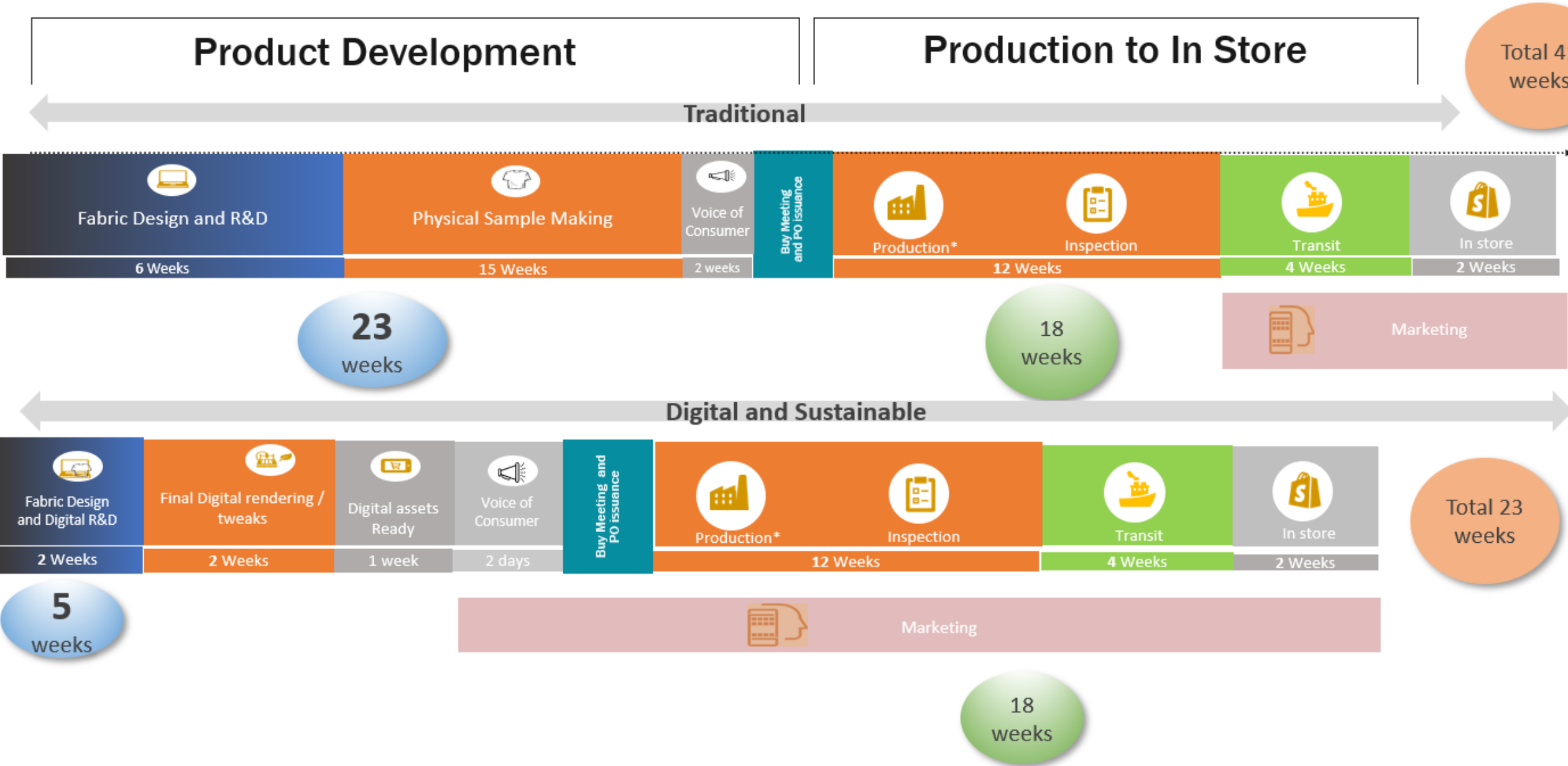
- Consumer product testing
- Getting the "right products" at the "right prices"



Get consumer insights and make informed changes earlier, smarter, faster

# End to End Process

Reduce concept-to-shelf time with our digital platform and reach the customer faster



Thank You