ZARA

Based in La Coruna in North Western Spain, Zara is one of the fastest growing apparel companies in the world. Its supply chain is key to its success, in particular in terms of speed and lower inventory levels than its peers. As a result it is not hindered by product obsolescence, a key difficulty for many apparel manufacturers who are often stuck with fashion lines that the market does not want and which they cannot get rid of.

Zara's designers stay close to the latest fashion trends and design and manufacture new products within a short time frame. All of this is done within the same facility to minimise delays and ensure maximum interaction among colleagues. Industry observers describe the Zara model as 'fast fashion' where buyers don't have to wait months for the latest fashions. After manufacture, product is shipped to Zara's various stores according to a fixed distribution schedule. Most store managers use handheld electronic devices to post real-time orders from the distribution centre, which organises twice weekly deliveries according to a fixed schedule. Products contain multi-country labels so if a line is not selling, the store manager simply puts it back on the truck and it is redistributed to another store via Zara's hub and spoke network where it may fare better.

From the store managers with their handheld ordering devices all the way back upstream to the single design and manufacturing site, Zara has full visibility of its supply chain. Another key feature of Zara's supply chain is that it has spare capacity on hand (in terms of trucks, warehousing and production not always being full) and it can facilitate fast response when needed. Professor Kasra Ferdows of Georgetown University and co-writers labelled this 'rapid fire fulfilment'.[14] Many other companies in the retail sector have closely examined Zara so see where they themselves can apply some of its key success factors.

CRITICAL FACTORS TO CONSIDER IN SUPPLY CHAIN PLANNING

THE SEVEN PRINCIPLES OF SUPPLY CHAIN MANAGEMENT

In 2007 the journal *Supply Chain Management Review* republished its most requested article in the preceding 10 years since the journal's first edition appeared in 1997. That article, 'The Seven Principles of Supply Chain Management'[15] outlined seven key actions for successful SCM:

1. Segment customers based on the service needs of distinct groups and adapt the supply chain to serve these segments profitably.
2. Customise the logistics network to the service requirements and profitability of customer segments.
3. Listen to market signals and align demand planning accordingly across the supply chain, ensuring consistent forecasts and optimal resource allocation.
4. Differentiate product closer to the customer and speed conversion across the supply chain.
5. Manage sources of supply strategically to reduce the total cost of owning materials and services.
6. Develop a supply chain-wide technology strategy that supports multiple levels of decision making and gives a clear view of the flow of products, services and information.
7. Adopt channel-spanning performance measures to gauge collective success in reaching the end-user effectively and efficiently.