At Li & Fung we are obsessed with speed. Our goal is to decrease lead times and increase speed to market for the global brands and retailers we serve. To help our customers navigate today’s ever-faster world, we remain focused on strategic investments that leverage new technologies, optimize processes and connect the dots of our digital supply chain ecosystem.
We are living in an era of unprecedented change

Speed is the new currency. The world we face today, hand-in-hand with our customers, is ruled by increasingly uncompromising consumers.

Instant gratification is making consumers perpetually impatient. The expectation for instant feedback and results is seeping into every aspect of our lives. The rising popularity of social media is pushing new norms of behavior across wider geographies and infiltrating more types of consumers than ever before, from baby-boomers to Gen X, to millennials and the new Gen Z.

Fast fashion set a precedent for consumers and thus for major brands and retailers. Consumers expect to shop a look as soon as it walks down the runway, to have same-day delivery options, instant feedback from sales teams, and to interact with brands that matter to them in a matter of micro-moments rather than a traditional 30-second TV commercial. Brands and retailers look to us to help them meet their consumers’ demands and their level of expectation for production lead time and shipping duration is reducing in tandem.

Together with our customers, we face major disruptions caused by technology advancement, big data, automation, robotics, machine learning and AI to name a few. Our industry is coming to grips with a challenging business landscape for consumer products, driven by the need to maximize flexibility of supply across multiple channels.

The fast rate of change is redefining the supply chain. Two thirds of consumer product companies questioned in EY’s 2016 ‘Disrupt or be Disrupted’ report1 said they are under pressure to reappraise their operating model and almost three quarters said they needed to make significant changes if they are to sustain margins.

As a 110-year-old company with some 22,000 people and more than 250 offices worldwide, we are facing a new environment of unprecedented exponential change and spiraling complexity. We want to break down internal silos and remove barriers so we can democratize innovation and decision making, leverage innovative technologies to optimize and speed up our organization. We aim to be nimble like a startup, so we can readily adapt and pivot to reach our aspiration of creating the supply chains of the future.

Our ability to facilitate speed and capture its benefits is a major part of this transformation. We are spearheading the use of technology to upskill and create an agile workforce that can operate efficiently, and drive fast innovation through fluid projects and new ways of working. Data-driven insights, process optimization, transparency improvements, workspace reorganization and waste elimination will be key so we can maintain our competitive edge and meet the challenges of an increasingly fast-changing world.

Turning the focus externally, speed is about better serving our customers in ways that reduce their production lead times and improve speed-to-market, so they are successful and continue to delight their consumers.

Success will be realized when we can connect the dots of our digital platforms. This is the point where we will be able to provide end-to-end visibility for our customers and be at the forefront of digital disruption which will enable speed in the supply chain like we’ve never experienced before.

By getting to speed we, and our customers, win.  

Since the start of 2017, several major US retailers have announced store closures, bankruptcies and management changes.  

Deborah Weinswig, Managing Director, Fung Global Retail & Technology

We are living in an era of unprecedented change

Speed is the first thing our customers look for to be competitive.

Spencer Fung, Group CEO, Li & Fung

The Law of Accelerating Convergence

The strangest, most interesting and magical-seeming creations of the future will occur at the intersection of multiple exponential trend lines. You might call this the law of accelerating convergence and can summarize it as follows:

As technology continues to exponentially accelerate, the interactions between various subsets of exponential technology will create opportunities to slingshot past the already breakneck speed of accelerating change in ways that are even stranger and more difficult to predict than the path of any individual exponential technology.

If we look at any singular outgrowth of exponential tech and focus solely on it, we’re missing the vast possibility space of the ways technology is about to reshape the world.

This is a tough concept to get our heads around.

Singularity University

1 EY study “Disrupt or be disrupted: Creating value in the consumer products brand new order”
Our energies moving forward will be focused on strategic initiatives that reduce the lead time of production so our customers reap the benefits of speed to market. To make this happen, we’re embracing rapid prototyping across the organization and collaborating with our supply chain partners to accelerate the innovation process for everything we create.

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It’s not just speed for speed’s sake. We’re focusing on speed to enable a customer to create a different value equation or a competitive advantage to succeed.

Marc Compagnon, Group President, Li & Fung

We’re using new technologies and human-centric software to communicate faster so our people are connected and engaged in communities that help them work more productively. We are also redesigning our processes so we have the systems and platforms in place to provide transparency, visibility, accuracy and efficiency.

Minimizing lead times largely relates to leveraging new technology to speed up the rate by which we provide integrated, value-based supply chain solutions to our customers, as well as process optimization to shorten the time we take to get things done internally.

Accelerating the rate by which we innovate requires us to fully embrace a culture of innovation, where design thinking and rapid prototyping methodologies are adopted by our people. To help we’ve called in outside experts to provide immersive leadership development so this new way of thinking has the best chance of embedding itself across the organization. We’re increasingly pulling in stakeholders from our ecosystem to jointly innovate so we benefit from a rich diversity of knowledge and ideas, and we’ve built physical creative spaces to facilitate the innovation process.

“Speed is about creating an agile organization which is able to rapidly adapt to new opportunities and technologies and steer itself in a new direction as the business environment demands.

What inspires me is the pace of change and the exceptional, innovative people we have in our locations around the world who are ready and excited for the future.

Roger Young, Chief Human Resources Officer, Li & Fung

Removing the barriers to communication with new tools, like mobile-first apps, is another important step which will not only help us to move with speed, but also foster collaboration and vibrant communities among our network of 22,000 people. Software is helping to speed up how we communicate with each other, while simultaneously improving transparency, office culture and overall productivity.

Looking externally, helping our major vendors capacity build and invest in technology to improve productivity, accuracy and visibility of inventory enables them to identify blockages and inefficiencies immediately and take corrective action.

Lastly, process redesign to flatten structures and optimize key resources will help us to move with speed and pass on the benefits to the global brands and retailers we serve. Initiatives and predictive analytics that empower our people across the organization with the tools and permission to embrace decision making reduces hierarchical layers of approvals and strips out inefficiencies.

We’re excited by the opportunities to bring speed into every aspect of our business.

What inspires me is the pace of change and the exceptional, innovative people we have in our locations around the world who are ready and excited for the future.
For several years we’ve seen our customers streamline their operations and push the heavy lifting of managing the supply chain to Li & Fung in the form of transferred processes and decision making.

To help our customers meet the new world order head on, we’re stripping out inefficiencies in the production cycle, pursuing automation, tracking data to streamline processes, delayering decision making, improving transparency and developing new business models to improve margins along the supply chain.

Our sourcing business is tackling this through a number of means. One solution is value stream mapping, a technique that tracks the critical path of the design and production process of a product to identify overlaps and duplications in functions between the parties involved, such as our vendors, fabric mills, and the customer, as well as teams at Li & Fung. In some instances there was 100% overlap in tasks, allowing inefficiencies to creep in, creating drag.

The trial exercise produced great results – the team reduced workload duplication tremendously, and they’re reaping the rewards of its benefits in the form of improved speed of decision making and reduction across the entire lead time of the production cycle.

Our client dashboards are another solution that track the business of customers for valuable insights on how we can work together more effectively. Greater transparency has enabled teams to have better conversations with brands and retailers, increase design conversion rates, refocus resources to greater value-added activities, all which solidify our partnerships.

Reducing lead times is about helping our customers get products to market quicker so they can create and sustain competitive advantage. If our customers are successful, we’re successful.

Carmen Chau, President, LF Sourcing

Speed is about making decisions faster and shortening the whole cycle of production lead time from concept to costing, product development, and approvals.
In today’s fast-changing world we need to arrive at solutions quicker than ever before and rapid prototyping is one of the most effective ways to speed up the rate at which we innovate. Adopting this fluid, project-based methodology across Li & Fung can help us become more agile and marry the benefits of a large company with the speed of a startup.

The concept of rapid prototyping was spearheaded by former Google executive Tom Chi. Known for his work creating Google Glass and other new-to-world technologies, Tom describes the rules for prototyping as finding the quickest path to experience, that doing is the best kind of thinking and using materials that move at the speed of thought to maximize your rate of learning.

At the heart of rapid prototyping is a set of techniques that maximizes the rate of learning by minimizing the time to try ideas. In practice this translates to teams quickly creating a prototype to test an idea. If it doesn’t work it’s quickly put aside so the team can pivot and move on to explore new ideas with the knowledge gained from the experience. This rapid fire ‘test and trash’ approach is based on the premise of experiential learning and that there is more benefit in quickly testing a concept to find a new insight rather than talking about it in conceptual terms only, or through endless meetings.

At Li & Fung we have invested in rapid prototyping training globally and readily embracing the process with encouraging results. We’re assembling cross-business teams internally, as well as working with external partners, to reimagine product development and project management as a fluid, iterative process. In the coming years all our teams will be using rapid prototyping.

Our beauty business is already aware of the benefits of rapid prototyping. Rapid prototyping is building their reputation as a frontrunner in innovations in the industry. Perfume bottles for luxury brand fragrances are typically complex products requiring new techniques in manufacturing and engineering – everything from digital printing to sound engineering. To get there, our teams are not only innovating on product attributes, but innovating in the way they work with supply chain partners. In a recent case, the team worked closely with four different factories to experiment with numerous prototypes on a complex product. Our factory partners embraced the mantra of fail fast, bounce back, pivot fast and try another idea. By encouraging the factories – and the customer – to embrace rapid prototyping, our team was able to speed up the entire development process and create an innovative solution.

Rapid prototyping is a methodology used to accelerate the innovation process.

To further supplement the rapid prototyping movement and foster a culture of innovation, our beauty business built IDEA.LAB – a creative space for innovation. IDEA.LAB is a space where colleagues convene, often with customers and vendors, to get inspiration and jointly prototype product ideas. Backed by a 3D printing lab that’s constantly churning out product samples, we are seeing positive results from our investment. We convert consumer insights into working samples within three months or less, and have a finished product shipped to the customer in the time it used to take to create a sample.

We work with our customers to convert consumer insights into working samples and have a finished product in the time it used to take to create just the first sample.

Gerard Raymond, President, LF Beauty

Further Reading
- The Circular Design Guide - IDEO and Ellen MacArthur Foundation
- Empathize and Prototype - Stanford Online
- Rapid prototyping - Google Glass with Tom Chi - Ted-Ed
Organizations that fail to empower and engage their people in a democratized open environment are being left behind.

Our in-house apps and platforms quicken communication and collaboration on design with key customers, reducing lead times. Our learning teams developed app-based learning modules so our people can complete tailored online training where and when it suits their schedule. One Touch is our company mobile app designed by our in-house user experience (UX) team, where colleagues can do everything from accessing organizational information and a global directory, to processing applications for leave, volunteering, travel and expenses. And One Family, our internal communications platform, encourages our people to share content in the form of posts on LF Blogs, video clips on LF TV, or pictures on the live LF Feed, all with the touch of a few buttons on your smartphone.

In addition to our digital learning and UX teams who are accelerating in-house app development, we’re encouraging teams to use Slack for team communication, and Trello and Jira for project management.

We’ve partnered with Spigit to create The Kitchen, our open innovation platform, on which we host open innovation challenges to crowdsourced ideas on new products and processes from anyone across the company. Tools like these support speed and the fluid nature of project development today.

According to Slack, users see an average of 48.6% reduction in email. Nearly 80% said it improved transparency and office culture. It’s also dropped the number of meetings by 24%, while increasing overall productivity by 32.4%.

Business Insider
Process redesign

At Li & Fung we’re doing all we can to commit to a next-generation operating model, where all the dots of our digital ecosystem connect to create the supply chain of the future.

According to McKinsey, this operating model is a new way of running an organization that combines digital technologies and operations capabilities in an integrated, well-sequenced way to achieve step-change improvements in revenue, customer experience and cost.

Externally we’re working with key vendors to help redesign their processes and improve productivity, visibility, and accuracy on the production floor. A critical issue facing many factories today is that they can only measure output. Vendor Support Services (VSS), our team charged with finding solutions to challenges at the manufacturing end of the supply chain, is working with factories to help suppliers move to a performance-driven model.

One solution is RFID technology. VSS is partnering with key Li & Fung suppliers to help them install real-time data tracking management systems on the factory floor. It’s done by attaching RFID chips to bundles of raw materials at the beginning of the production stage, then tagging and tracking them as the items move from one production line to another. Before RFID technology, workers attached a piece of paper to a bundle of materials containing information to track inventory and production stages. At the end of the day, a room full of people manually encoded the data into a spreadsheet to measure output, leaving a large margin for error.

Across our network, we’re making good progress towards adopting the type of incremental step-changes that McKinsey cites. We’re seeking to do more in the next three years by embracing an innovation mindset and encouraging our people to identify opportunities, however small, to improve their daily activities.

We remain focused on streamlining processes and reducing layers of approvals, which if left unchecked can leave significant value untapped.

Empowering our people is an important aspect of reducing approvals, identifying and exploring new ways to automate standard equipment orders, and eliminating approval times.

These are just some of the ways we’re redesigning processes to promote productivity and shifting from running uncoordinated efforts within silos, to an integrated operating model organized around our customers’ needs.

“Speed with precision creates a unique competitive advantage.”

Joseph Phi, President, LF Logistics

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1McKinsey & Company report: “The next-generation operating model for the digital world”