

## When the supply chain is global: the Calzedonia case



Project Start Date:  
2008 and 2010

ERP: SAP

Users: 28

Industry: Fashion

Integrated  
Suppliers: 330

Drastic reduction of time to market and dialogue with Asian suppliers: these are the results achieved by Calzedonia which extended to suppliers of South-east Asia the use of IUNGO, the web platform for the management of the supply chain

To describe the Calzedonia world is sufficient to list the numbers that distinguish it: active since 1986, with the subsequent launch of brands such as Tezenis, Intimissimi, Falconeri, today the Calzedonia network praises more than 3.300 stores divided equally throughout the Italian country and at international level; 23.000 employees, of whom about 3.000 in Italy. The consolidated turnover reached 1.503 billion euro in 2012 with a growth around 16% compared to 2011.

With 4 production plant in Italy, 8 in East Europe (Croatia, Romania, Bulgaria, and Serbia), 6 plant in Sri Lanka, Calzedonia is the undisputed leader in the field of underwear, corsetry, hosiery, swimwear, knitwear and yarns such as cashmere and silk. The particularity of Calzedonia is the vertical structure: the design, the production and the distribution of every product (directly or through affiliates) are extremely cared. The trade takes place exclusively in one-brand stores, whether managed directly or in franchising or by foreign distributors.

### THE MARKET EVOLVES, THE COMPANY ADAPTS TO IT

The fashion sector where Calzedonia operates has undergone major changes in recent years requiring companies greater flexibility and responsiveness; Michela Mariotto, part of the

Calzedonia Logistics Purchasing Raw Materials Office, explains: "Our industry has experienced a strong acceleration as regards the time to market. Before we defined 4 collections, in correspondence of the seasons, in advance of 6 months. Then the request changed: now the market asks reorders and new models in a continuous cycle, consequently production and programming of that have been reorganized. Today we produce planned collections smaller as regards the pieces but with subsequent continuous replenishment and flash integration. The example of the colour explains perfectly the situation: a new fashion color can not be late in the store risking the 'out of fashion' and, at the end of the season, risking to record unsold stock. We must be ready to replenish it as quick as possible because it needs to be sell in the moment in which it is required by the market. From that we can understand the strategic role played by the suppliers chain".

The competitiveness is extremely tied to the speed of response on the market and to a fast, quick and integrate supply chain. This seems to be the condition to ensure the flexibility and the ability to satisfy the requests of the market.

### IUNGO, FROM EUROPE TO FAR EAST

Calzedonia in this scenery decided to extend the use of IUNGO, already active with European suppliers, to Asian suppliers.



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Implemented in 2008, IUNGO, the web platform which, thanks to the exchange of information through patented e-mail messages automates the management of the procurement, allowed Calzedonia to manage relationships with European suppliers who represent about 60% of the Calzedonia supply chain. Michela Mariotto tells: *"With IUNGO the relations with European suppliers have improved significantly. It has been possible to reduce the time for the processing of the orders and to obtain faster and reliable replies. We wanted to achieve the same benefits also with the chain suppliers in Asia. At the company strategic level our goals were important: drastically reduce the time to market by using a model that contemplates Fast Fashion orders reducing the delivery time of the finished product up to 70%. We set some strategies of collaboration with suppliers such as to be able to share a part of the risk for the management of the raw materials stock during the relaunch of the color in season. In this kind of scenery IUNGO helped us to accelerate and simplify the communication with the supplier."*

### WHEN PLANNING IS SYNONYMOUS OF COMPETITIVENESS

The Calzedonia purchases flow is so structured: the product division decides the collection, the Purchases Planning division determines the volume of the finished product, the Production Planning division assigns the work to the productive plant and the Purchases Logistics division defines which are the orders of raw materials and the ideal delivery date. With IUNGO, the supplier confirms the date of delivery of the order rows; this allows the planning of the production thanks to the connection between IUNGO and the company ERP, consequently the company is able to know exactly when the goods will enter in production and thereafter when the goods will reach the stores.

The tramp card in the Calzedonia IUNGO project for the Far East area is the transmission of the forecast order.

Besides the classical orders (Purchase Order – PO) IUNGO allows the Italy Purchasing Logistics division to transmit a forecast order that arrives both to the purchase department in Sri Lanka and to the supplier of raw materials in Asia; these orders are indicative of the quantities and of the delivery dates. The PPO (Proforma Purchase Order) has the strategic ability to "book" the capacity of the supplier. *"In this way"* Michela Mariotto continues *"our supplier is pre-alerted and at the same time the purchasing department in Sri Lanka plays a dual action control: both on possible stock and on the real production schedule. Once confirmed these data, they transmit the official order"*.

Suppliers receive a weekly delivery plan (they also can request it in every moment) through which the supplier is able to verify and confirm the delivery dates. The IUNGO delivery plan allows to Calzedonia to re-planning all the production and to have always updated the goods delivery plan in the various stores. *"The dialogue that IUNGO allows with the supplier contributes to the success of this platform: is transparent, there is a constant visibility of the orders log and updates are immediate."*

In addition to the dialogue, IUNGO allows the assessment of the suppliers thanks to the reliability, punctuality and flexibility indicators. Michela Mariotto concludes *"In order to «if measurable, improvable», for the near future we want to share with suppliers the performance evaluation, giving us common goals of growth and setting a relation based on more and more collaboration"*.

