

GLOBAL TRACEABILITY ROLLOUT STRATEGIES FOR BRANDS

A Comprehensive Exploration in GI Platform

Embarking on the journey of end-to-end traceability

As we step into the realm of global traceability, envisioning a future where brands seamlessly integrate traceability practices becomes paramount. This comprehensive guide is crafted to illuminate stakeholders on the nuanced strategies and considerations essential for a successful global traceability rollout. By partnering with GI, businesses can optimize their use of time and resources, prioritizing effective traceability practices. Come alongside us as we navigate the complexities of global traceability, forging a path toward a connected and resilient future, with GI as your steadfast companion.

Introduction

Textile Solutions innovates at the intersection of tradition and technology, uniting decades of manufacturing experience with cutting-edge IT. As a leader in Supply Chain Traceability, Sustainability Certification, and Carbon Footprint Management, General Intelligence harmonizes craftsmanship and digital expertise, driving efficiency and sustainability for suppliers through technology. We navigate the textile landscape, shaping a future where sustainability, compliance, and efficiency seamlessly coexist.

Company Overview

- **Innovative Compliance for the Textile Landscape**
Our proprietary **All-in-One** platform serves as the nexus for compliance, seamlessly consolidating various requirements.
- **AI Empowered Solutions**
Textile Solutions is underpinned by integration, automation, Artificial Intelligence (AI), and block chain – collectively forming the backbone of our innovative solutions.
- **Mitigating Compliance Risks**
End-to-end traceability ensures compliance with various standards while reducing risks in key markets.

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A Three-Phase Rollout in GI Traceability Platform

Introduction

In the pursuit of a sustainable and transparent global supply chain, the rollout of a General Intelligence (GI) traceability platform becomes a pivotal strategy. This platform aims to authenticate the origin of products, ensuring a reliable and ethical supply chain. The deployment plan unfolds in three distinct phases, each contributing to the establishment of a robust worldwide network.

Phase 1: Pilot - Validating Effectiveness in the

The initial phase involves a focused pilot program designed to validate the platform's effectiveness within the supply chain. Over a span of three months, the primary objective is to assess the platform's feasibility and impact. This pilot phase will specifically target 10-20

Key Activities

- Collaborate with 10-20 pilot suppliers to integrate the GI traceability platform into their operations.
- Monitor and evaluate the effectiveness of the platform in ensuring supply chain authenticity.
- Gather feedback from pilot participants to identify areas for improvement and optimization.
- Establish a framework for data collection and traceability across the chosen suppliers.

Phase 2: Expansion - Covering High Risk or Core Suppliers (6 months)

Building upon the insights gained from the pilot phase, the second phase focuses on expanding the coverage to core suppliers. This six-month period aims to include 50 to 100 suppliers who play pivotal roles in the supply chain. The expansion phase ensures a more comprehensive integration of the GI traceability platform and a deeper penetration into the supply network.

Key Activities

- Scale up the implementation of the GI traceability platform to include 50 to 100 high risk or core suppliers.
- Strengthen partnerships with suppliers, encouraging active participation and compliance.
- Enhance data accuracy and real-time tracking capabilities to further solidify the platform's effectiveness.
- Conduct regular audits to ensure adherence to traceability standards across the expanded supplier network.

Phase 3: Industry-Wide Coverage -Full Chain Traceability Platform Globally (9 to 12 months)

The goal of the GI traceability platform is to achieve industry-wide coverage from L1 to L4 (finished goods, fabric mills, yarn mills, farms), and totally including 10+ fibers, providing unprecedented transparency and visibility. In this phase, spanning nine to twelve months, the platform will be extended to cover the complete global industry chain. This ambitious expansion, aimed at offering unparalleled transparency and visibility, necessitates collaboration on a global scale. Stakeholders from diverse regions and industries are encouraged to participate and adopt a standardized approach to supply chain traceability, thereby fostering a new era of transparency and visibility within the global industry chain.

Key Activities

- Forge partnerships with industry associations, regulatory bodies, and key players to promote global adoption.
- Develop standardized protocols and guidelines for implementing the GI traceability platform across diverse industries.
- Ensure interoperability with existing traceability systems to facilitate seamless integration.
- Conduct extensive outreach and training programs to familiarize stakeholders with the benefits and procedures of the platform.

By meticulously executing these three phases, the GI traceability platform aims to weave a worldwide network of authenticity and transparency throughout the supply chain. This strategic rollout not only ensures the platform's effectiveness but also fosters a collaborative effort towards a sustainable and accountable global supply chain ecosystem.

General Intelligence

Key Concerns of Stakeholders in Traceability Project

Introduction

In the dynamic realm of textile traceability projects, the interests of both brands and suppliers weave a complex tapestry of concerns.

Driven by a commitment to transparency and consumer trust, brands emphasize the necessity of a robust traceability system to authenticate the origins of their products. From various departments within the brands, an analysis is conducted, exploring the different motivations and obstacles that each role encounters in implementing such traceability measures.

1. Sourcing Department

Motivation: Enhancing product traceability contributes to maintaining brand reputation and meeting for a sustainable and transparent supply chain.

Resistance: Implementing traceability may require investment in new technology and training, increasing initial costs.

2. Regulatory Department

Motivation: Traceability aligns with regulatory requirements for transparency and compliance, reducing potential legal risks.

Resistance: Ensuring that technical solutions comply with evolving regulatory standards may require constant adjustment and updates.

3. Project Management

Motivation: Implementing traceability improves supply chain efficiency, reduces unnecessary waste in production and transportation, enhancing project delivery effectiveness.

Resistance: Proper scheduling of project timelines is needed to ensure the smooth integration of traceability systems without disrupting daily operations.

4. IT Department

Motivation: Introducing traceability technology enhances data management and information security, prompting the IT department to implement innovative solutions.

Resistance: In the face of potential challenges such as system compatibility, data privacy concerns, and the need to keep pace with the rapid evolution of traceability technology. The incorporation of data mining, insights, artificial intelligence, and the global deployment poses additional challenges in the pursuit of an effective traceability system.

Concurrently, suppliers' express anxieties about the potential increase in costs, **heightened manpower requirements, data completeness challenges, and concerns related to data security** when integrating such systems into their existing operations. They fear possible disruptions and anticipate the need for significant technological investments. Bridging these concerns requires a delicate balance, where the aspirations of brands for heightened accountability meet the practical considerations of suppliers navigating the intricate landscape of textile production. The following analysis delves into the various departments within suppliers, examining the different motivations and obstacles associated with each role.

1. Sales

Motivation: Having traceability can serve as a key advantage in sales, meeting consumer demands for product quality and sustainability.

Resistance: Detailed record-keeping and reporting may be required, potentially increasing operational costs.

2. Material Sourcing

Motivation: A traceable supply chain helps ensure the quality and source of raw materials, reducing potential risks of quality issues and supply chain disruptions.

Resistance: Supplier reluctance and additional costs and time investment may pose challenges. For raw material suppliers operate on a smaller scale, and the initial costs and complexity of introducing a traceability system may be burdensome. Some raw material suppliers may only provide products seasonally or sporadically, making the continuity of a traceability system challenging. Due to the unique nature of certain raw materials, such as the seasonality and weather impact on agricultural products, there are higher risks and uncertainties.

3. IT Department

Motivation: The implementation of traceability systems serves as a catalyst for enhancing data management within the organization. By leveraging advanced technologies, the IT department aims to streamline processes and boost overall efficiency in handling vast amounts of information.

Resistance: While acknowledging the benefits, the IT department expresses concerns about potential resistance in upgrading existing systems. The necessity to ensure seamless interoperability with diverse supply chain partners poses a challenge, prompting a careful evaluation of the compatibility between current infrastructure and the innovative traceability solutions. Data security emerges as a paramount concern during this transition, prompting meticulous planning to mitigate risks associated with system upgrades and data integration. Striking a balance between technological advancement and safeguarding sensitive information becomes imperative for the IT team as they navigate the intricacies of implementing traceability systems.

For all stakeholders, education and communication are key to the successful implementation of traceability systems. Ensuring their understanding of the value of traceability and how to overcome potential resistance will help establish a more collaborative and transparent supply chain.

Roles of Brands and Suppliers Collaboration in Textile Traceability Projects

Introduction

In textile traceability projects, effective collaboration between brands and suppliers is crucial to ensure transparency and compliance throughout the supply chain. Let's explore the distinct responsibilities of brands and suppliers in the implementation and operation of traceability initiatives.

Brand

1. Alignment of Stakeholders:

As the chain leader, brands play a pivotal role in aligning internal and external stakeholders regarding the necessity and urgency of traceability. This involves communicating the importance of traceability to all relevant parties.

2. Project Organization and Budgeting:

Brands are responsible for establishing the project organizational team, including the Project Manager (PM), Sourcing Leader, Regulation Leader, and IT Leader. Additionally, brands oversee budget formulation to ensure adequate resources for the traceability initiative.

3. Roll Out Planning:

Brands are tasked with formulating a comprehensive roll-out plan, which includes communication strategies with suppliers. This plan outlines the step-by-step implementation process and addresses potential challenges.

5. Monitoring and Reporting:

Brands supervise the onboarding process, adoption reports, and track potential risks. Continuous monitoring ensures that suppliers adhere to the established traceability protocols.

Suppliers

1. Stakeholder Understanding:

Suppliers convene internal stakeholders to comprehend and learn about compliance requirements. It is essential for everyone involved to grasp the necessity of traceability and its implications.

3. Participation in Training:

Suppliers actively engage in training sessions to ensure their teams are well-equipped to implement and maintain traceability standards.

4. Communication with Suppliers:

Brands initiate the traceability project by sending official requirements to suppliers. They verify the completeness of traceability materials in orders and actively participate in necessary communication meetings with suppliers.

6. Long-term Operational Planning:

Even after the successful roll-out, brands are responsible for devising a long-term operational plan. This plan encompasses the continuous operation of the traceability system, ensuring its sustainability and effectiveness.

2. Team Assembling and Budgeting:

Suppliers, in collaboration with brands, form internal teams and devise budgets necessary for the implementation of traceability initiatives.

4. Development Plans:

Suppliers contribute to the development of detailed plans, outlining their approach to implementing traceability measures and API integration.

5. Go-Live Milestone:

Suppliers play a critical role in reaching the go-live milestone, where traceability measures are officially implemented and operational.

7. Global Service:

Suppliers handle ticket submissions during the service period, addressing and resolving any issues that may arise. Additionally, GI has three offices located in Hong Kong, Shanghai and Bangalore, and Singapore, serving major global textile brands and their supply chains globally.

In conclusion, the collaboration between brands and suppliers in textile traceability projects is a coordinated effort, with each party contributing specific expertise to ensure a transparent and compliant supply chain. Brands, driven by their commitment to transparency, consumer trust, and overall sustainability, play a pivotal role in setting the standards and objectives for traceability. They leverage their market influence to encourage adoption and compliance throughout the supply chain.

On the other hand, suppliers, faced with the challenge of integrating traceability systems into their existing operations, contribute their in-depth knowledge of manufacturing processes, logistical intricacies, and operational efficiency. Their role is critical in implementing and adapting traceability technologies seamlessly, ensuring minimal disruption to production workflows.

This division of responsibilities reflects a symbiotic relationship, where brands and suppliers navigate the intricate landscape of textile production together. As brands champion accountability and traceability standards, suppliers serve as the backbone, translating these aspirations into practical, operational solutions. The success of textile traceability projects hinges on this collaborative effort, as the convergence of brand reputation and supply chain efficiency becomes a testament to the industry's commitment to a sustainable and responsible future.

6. Operation and Risk Tracking:

During the operational phase, suppliers are responsible for order-related data uploads, tracking risks, and ensuring smooth day-to-day operation of the traceability system.

8. Annual Renewal:

Suppliers collaborate with brands to facilitate the annual renewal of the traceability system, ensuring its continuous effectiveness.

Why PO driven Matters in Traceability

Introduction

In the realm of traceability, the significance of a Purchase Order (PO) driven approach cannot be overstated. This article delves into the reasons why a PO-driven strategy is crucial in navigating the complexities of traceability initiatives.

1 Risk & Cost:

In navigating the realm of traceability, striking a delicate balance between risks and costs emerges as a primary consideration. As of the first half of 2023, industry statistics reveal that nearly **1000 batches** of textile products underwent random inspections. Significantly, **44%** of these lots faced denials for release, and **31%** remained pending further action. These insights underscore the critical importance of managing compliance risks, especially in the context of CBP requirements and detention rates.

Adding to the complexity are the cost implications associated with the **adoption of new platforms, the workforce required for implementation, and the integration expenses** tied to IT systems. In light of these challenges, a PO-driven approach becomes paramount. Aligning traceability efforts with individual purchase orders allows businesses to strategically mitigate risks while optimizing costs. This nuanced strategy ensures that traceability measures not only comply with industry standards but also align with the specific realities of the supply chain, enhancing both efficiency and effectiveness in the pursuit of a transparent and compliant textile industry.

2 Low Volume Suppliers' Concerns:

For entities dealing with low-volume transactions, the willingness to embrace traceability is often influenced by the perceived costs associated with compliance. PO driven is a natural value chain transmission, easily understood by people, with minimal resistance as it does not alter the existing business relationship chain. The compliance costs will be covered by a single purchase order (PO). Additionally, the benefits are clear, direct, and straightforward. The viewpoint is shaped by the understanding that a high level of compliance places these entities in an advantageous position within the vendor pool. Thus, a PO-driven approach becomes pivotal in catering to the unique cost considerations and compliance priorities of low-volume stakeholders.

3 Example: Surge in Yarn Order:

Highlighting the significance of a PO-driven approach, let's examine the case of a medium-sized spinning enterprise. Through the streamlined process of order placement and confirmation on the GI platform, this company efficiently anticipates delivery times, issues warnings for potential logistics delays, thereby mitigating risks, enhancing efficiency, and achieving notable results. In 2021 alone, the enterprise experienced an impressive growth of 11.16 tons in yarn sales, marking an 18.3% year-on-year increase. This success story exemplifies how a PO-driven strategy not only aids in addressing sudden spikes in yarn (L3) orders, minimizing compliance risks and associated costs but also contributes significantly to overall business growth and resilience.

In conclusion, adopting a PO-driven approach in traceability efforts is not merely a procedural choice; it's a strategic imperative. The careful consideration of risks, costs, and the unique circumstances of low-volume transactions, coupled with real-world examples, underscores the pivotal role that a PO-driven approach plays in fostering effective and efficient traceability initiatives.

Navigating Supplier's Onboarding SOP on the GI Platform

Introduction

As suppliers embark on the onboarding journey onto the General Intelligence (GI) platform, understanding the Standard Operating Procedures is essential for seamless integration and collaboration. This article explores three critical aspects from the supplier's standpoint: Kickoff Milestone, GI Cost Structure, and Service Procedures.

1. Kickoff Milestone:

The kickoff milestone marks the initiation of the onboarding process onto the GI platform. Suppliers should be prepared for a structured launch that includes engagement with the PVH kickoff and other relevant stakeholders. During this phase, key objectives, expectations, and timelines will be communicated. Suppliers must align their internal teams, set realistic goals, and ensure that all prerequisites for a successful onboarding are in place.

Suppliers	1. Start-up (Week 1) 8/14	2. Submit Information (Week 1-2) 8/25	3. Training & Payment (Week 2-6) 9/8	4. In Training Environment (Week 7) 9/29	5. In Product Environment (Week 8) 10/5
All suppliers	√ Attend Kickoff	√ Confirm Account Activation Information Form and provide user list √ Confirm bill to info	√ Receive training account √ Attend system training √ Settle the payment √ Provide PO info	√ Log in GI platform √ Finish the 1st PO in training environment	√ Receive product account √ Log in GI platform √ Input real data
Integration Suppliers		√ Confirm integration √ Involve IT key person/ ERP vendor and team	√ Attend integration training √ Download and study integration files √ Submit development plan √ Settle the integration payment	√ Create Token in GI platform √ Interface developing and testing	√ Finish data validation √ Data synchronize by integration

2. GI Cost Structure:

When suppliers join the GI platform, they encounter two primary cost components.

- The initial "one-off" cost is associated with implementation services, encompassing project management, implementation guidance, simulated operation and audit of the training environment, platform training, and Q&A support. Additionally, this one-off cost includes services such as system integration, enabling users to automatically retrieve data from the ERP system. Importantly, the decision to opt for integration services lies with the supplier.
- The second component involves the annual service fee, which covers various aspects, including data storage and server maintenance, system development and upgrades, customer service, and technical support. This fee is charged on a yearly basis and is renewable annually. It's crucial to note that both the one-off cost and the annual service fee are levied at the supplier level rather than at the facilities level.

3. GI Service Flow:

Efficient service provision is crucial for maintaining a positive and enduring collaboration. From a supplier's perspective, this involves a multi-faceted approach:

- **Brand Side kick off meeting:** Engage in pre-onboarding promotion activities to create awareness and generate interest among relevant stakeholders. The Brand's kickoff provides a platform for suppliers to showcase their commitment to the GI platform.
- **Onboarding Training Plan:** Develop a comprehensive onboarding training plan covering key areas such as Key People (KP), Information Technology (IT), Sales, and Sourcing. Training sessions should be tailored to each department's specific needs, ensuring that teams are well-equipped to navigate the GI platform efficiently.
- **Monthly Regular Training:** Implement a regular training schedule to keep teams updated on new features, protocols, and best practices. Continuous training ensures that suppliers remain adept at utilizing the GI platform to its full potential.

- **Service Center:** Establish a robust service system, including the integration of the GI online ticket system, to facilitate efficient communication, issue resolution, and ongoing support. A well-structured service system, augmented by the GI online ticket feature, ensures that suppliers can easily seek assistance when needed, fostering a collaborative and supportive environment.

In conclusion, a supplier-centric approach to onboarding SOP on the GI platform is vital for creating a mutually beneficial partnership. By navigating the kickoff milestone, understanding the payment structure, and implementing effective service procedures, suppliers can optimize their onboarding experience and contribute to the success of the GI platform.

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