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A Geographic Sourcing Area Evaluation Model

Facilitating tool for strategic decision making

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Abstract

International sourcing is growing in importance. As businesses around the world have become global, the intense competition drives cost cutting within purchasing. Rising up as the world's number one sourcing market with its 1.3 billion citizens in only a few decades; China is a success story. But as the Chinese now seeks the next generation of growth far away from low value added production many companies and the global production network will need to adjust. But which instruments and models will companies need to use to find the next low cost sourcing area? This thesis aims to develop a geographic sourcing area evaluation model to be used in the sourcing decision process. By building a model based upon existing literature and adding new aspects, the authors have tried to develop a comprehensive tool for sourcing evaluation. The study undertaken during the thesis indicates that the model is applicable for the textile and clothing industry. However, a suggestion for further research is to test the geographical sourcing area evaluation model on other industries.

Keywords: Sourcing, sourcing evaluation, textile and clothing industry, TECO, Sweden, China.

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1. Acknowledgements

The authors would like to express their appreciation to the respondents, Roger Haraldsson, Sören Andreasson and Roger Tjernberg, for in a dedicated and enthusiastic way sharing their experiences from the textile industry.

Finally a special gratitude to Bo Kylin, Vice President Purschasing of Electrolux, who shared his experience of working with sourcing issues, his experience regarding East Asia, and foremost for the discussions leading the authors to the final subject of the thesis.

2. Background

International sourcing is defined as the purchase of materials, components and finished products from foreign suppliers. More specifically, sourcing is when companies buy where the conditions are the best, considering total cost and quality. The clothing, home electronic and interior decorating industries are examples of industries that have adopted international sourcing. (Nassimbeni & Sartor, 2006)

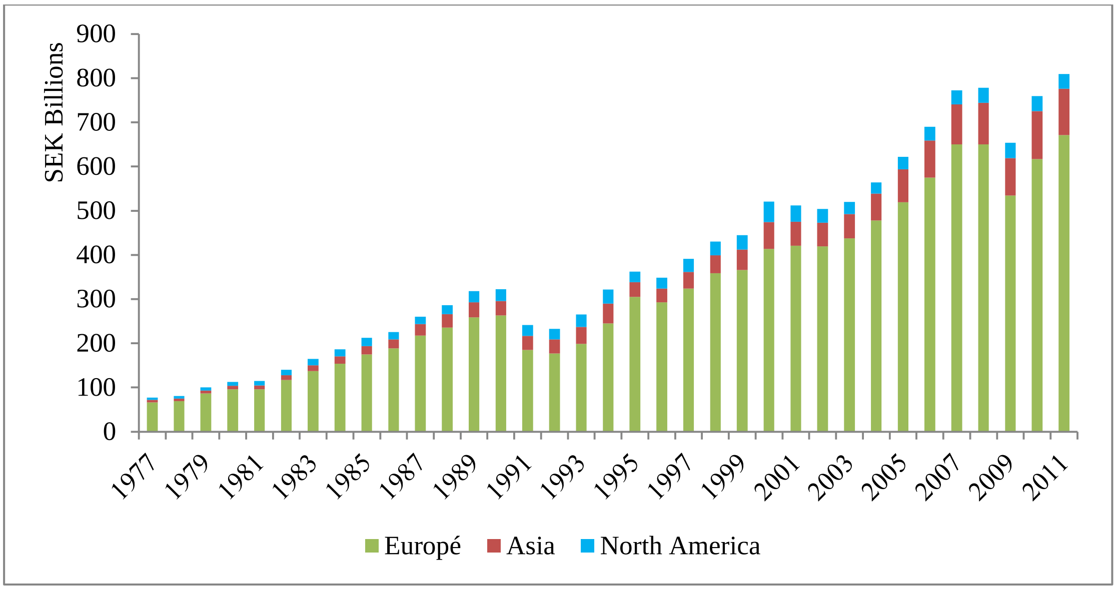
2.1 Why to source

The main enablers for companies to undertake international sourcing is market globalization, communication technology, transport systems and reduction of trade barriers. International sourcing is a strategic opportunity for companies to achieve sustainable competitive advantage and one of the most important reasons is cheap labor. The low labor costs enable profits within production not feasible in developed countries. Business-friendly politics and tax reliefs are also important drivers and enablers for companies to source globally. (Nassimbeni & Sartor, 2006)

2.2 Where to source from

In line with the global development in the last 15 years, the ability to establish internationally has increased dramatically. Companies seek to improve their profits and decrease their costs to be able to please their shareholders and offer consumers the most competitive price on the market. Since cost is one of the main aspects for companies when evaluating where to source, focus has historically shifted from local or nearby sourcing to international sourcing in low cost countries (Eklund, 2010). However, the latest trend now within the textile and clothing (TECO) industry is to bring the production closer to the home market of cash flow reasons (Tjernberg, 2012).

Figure 1.



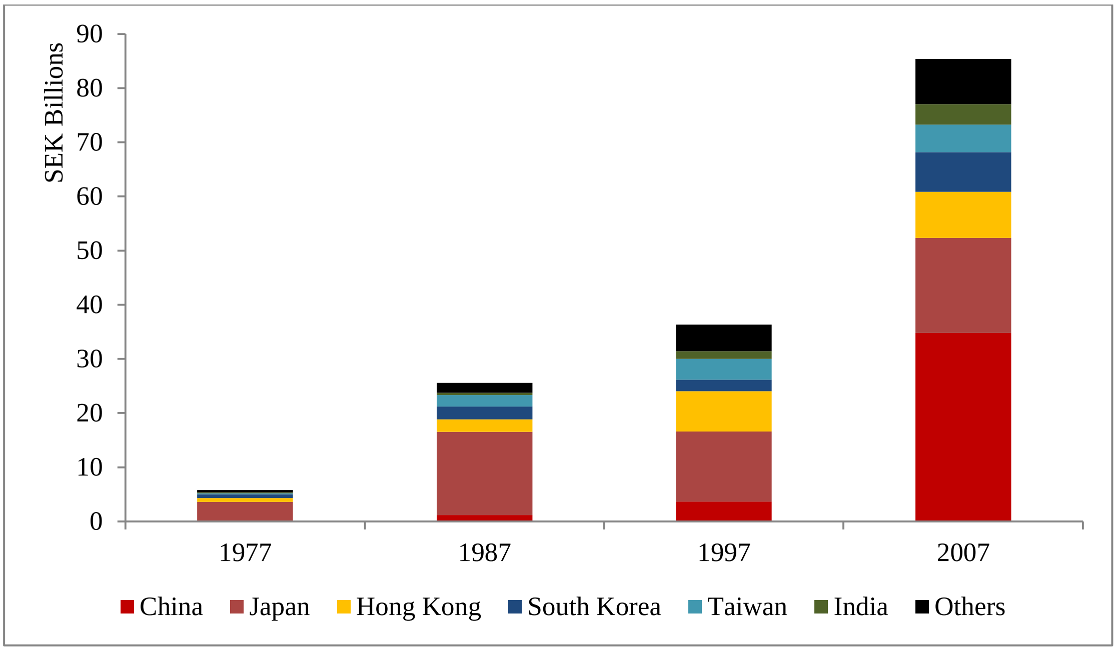
The graph shows the Swedish import of manufactured goods from Europe, Asia and North America between 1977[1] and 2011. During 2011 the inter-European trade made up for 82 percent, the Asian 13 and the North American 4. (Statistics Sweden)

2.3 Swedish import of manufactured goods

Between 1977 and 2011 the Swedish import of manufactured goods increased tenfold to more than SEK 800 billion. In 2011, the inter-European import made up for a vast majority; more than 80 percent of the imports, Asia with 13 percent and the North American with 4 percent. Within this time period, 1977 and 2011, the Asian export outgrew the inter-European exports almost twofold growing 1700 percent in total or approximately 8.7 percent annually.

[1] Statistics Sweden’s data of import volumes available from 1977.

Figure 2.



The graph shows the Swedish import of manufactured goods from Asian countries 1977 – 2007. During these years, the import has grown with 1700 percent or 8.7 percent in average per year. (Statistics Sweden)

2.4 The Swedish textile industry

During the 1900-century factories in Sweden started to open up with rather, at the time, advanced machines. This was an important development to Sweden and was enabled by the industrialization that spread from Great Britain. An import of cotton began during the 1850s in Sweden where clothes earlier were primarily produced by wool and linen. The production of clothes increased along with the cotton import. At this time, Sweden was a peasant society starting to develop into an industrial society. The difficult economic conditions in Sweden lead to emigration of farmers, and many of those who stayed, started to work in the new factories. (Taipale, 2010)

The life as an industry worker wasn’t the easiest but a way to get out of the even harder work in the agriculture sector. The wages in the TECO industry were very low and as women were the dominant labor force, the wages were even lower than in relation to other industries. (Taipale, 2010)

A large part of the workers’ wages often went to pay the factory for the cost of accommodation and food. It created a vicious circle as the cost often turned into debts and the children of the workers could inherit these debts. Sweden was during the 20th century one of the poorest countries in Europe and the conditions were miserable. (Taipale, 2010)

Sweden was in an economic boom after the Second World War, during the period 1946-1972, as it’s was one of the few countries in Europe which not been attacked and hence had its industry intact. (Taipale, 2010)

The Swedish TECO industry started to change during the 1960s. One reason was because the industry didn’t export, mostly everything were produced for the Swedish market. The Swedish products were more expensive compared to imported products. The wages in Turkey, Spain and Portugal were far lower. (Taipale, 2010)

In the 1980s the governmental subsides decreased as the industry started to stabilize. In the late 1980s, more specific in 1989, a lot of textile companies started to become unprofitable and the TECO industry was performing a lot worse than other industries in Sweden. The general reasons for the huge decline of the Swedish TECO industry were mainly the increasing labour cost and the pressure from imported goods, particularly from low cost countries such as Portugal, Italy and then South America and Asia, especially China and Taiwan. (Ewerstein & Sundberg, 1991)

In the late 1990s the TECO industry wasn’t able to maintain profitable with production in Sweden. This forced management to move production overseas to survive. A lot of Swedish companies which continued to produce in Sweden went bankrupt. (Ewerstein & Sundberg, 1991)

Presently, the main part of the clothes in the European Union is produced in Spain, Portugal and Greece but also France, Italy and Great Britain are producing premium clothing. In Eastern Europe, countries such as Lithuania and Rumania also have a lot of textile factories and have the lowest wages in Europe. Italy and Portugal are known for their capability to combine high productivity with excellent quality and high fashion. (European Research in the Textiles and Clothing Sector; 2002)

During 1998s Asia had 45 percent of the total world production of clothing production and Europe 26 percent. During the 1990-1998s Europe's clothing export decreased from 11 percent to 9 percent and China's increased from 15 percent to 24 percent. (European Research in the Textiles and Clothing Sector; 2002)

China where at that time in a strong economic development after it's in modern history all time low at the time of Mao Zedong's death in 1976. The Communist Party of China (CPC) then became more liberal and presented a new economic political approach. Focus laid on industrialization and the beginning of the 1980s is considered as the start of China's success story. (Eklund, 2010)

Before 1978 the Chinese industrial system was extensively supported by the state ownership enterprise, which covered about 75 percent of the production while the other 25 percent were joint ventures. China started in the 1980's, led by Deng Xiaoping, to privatize and restructure state-owned companies inviting foreign investors (Ne.se search: China). These were designated to special economic zones mainly located near the coastline enabling the Chinese authorities to control the process of economic growth. (Nassimbeni & Sartor, 2006)

The CPC decided to invest and build a textile industry, offering producers technology, modern infrastructure, loans and raw material. The industry has been a large part of China's export and played an important role for their economy. The Chinese garment production grew by 15 percent per year on average between 1985 and 2000 and is, since 1994, the biggest garment producer in the world. (Qiu, 2005)

3. Problem discussion

“China lost its status as the world's cheapest country for manufacturing some time ago.” (Der Spiegel, 2008)

It is more than three decades since China opened up to foreign investors and has now grown to add up to a fifth of world manufacturing. However, the Chinese era of cheap sourcing has started to face its end. The industrialized regions on the east coast have strongly increased their production complexity capabilities and are becoming expensive. (The Economist, 2012)

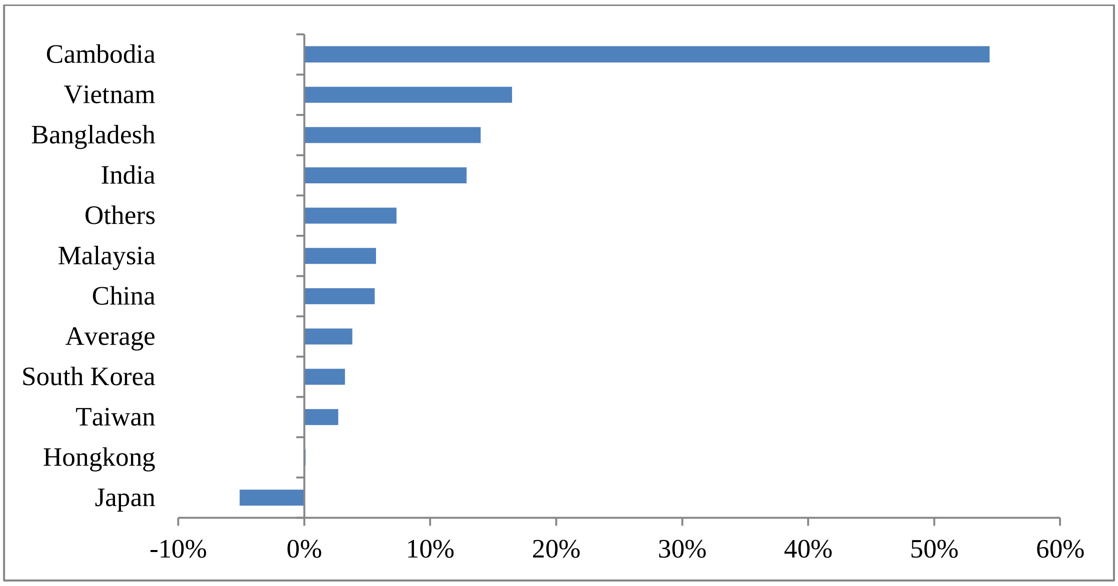
The greatest drivers for the increasing production costs have been inflation, energy prizes, appreciation of the Chinese currency, shortages of skilled workers, and increased legislation (Bradsher, 2008; Kumar *et al.*, 2009). The increase in wages is however the biggest part of the cost increases in China and the wages were in 2008 increasing approximately 25 percent per year counted in USD fueled by a high inflation (Bradsher, 2008). One of the main reasons for this development is the Chinese labor law, which took effect in 2008 providing increased employee benefits and stabilization (Roberts, 2008).

The development of increasing costs and higher demands on working conditions did not come out of the blue. As a part of the greater plan for the future, set up by the CPC, China now seeks to shift towards higher value added production. The next possible growth era is CPC’s hope to retain the country’s growth rate in the years to come. (Kylin, 2012)

Today’s sourcing of low value added products will suffer from expected continuously high annual increases in production costs. The producers of apparel, children’s toys, brown goods and computers will by these means need to find new areas for sourcing. (Kylin, 2012)

According to Bradsher (2011) airline flights to Vietnam, Bangladesh, Indonesia, and other low cost countries are packed these days with executives looking for alternatives to double-digit wage increases in China. Countries close to China are mentioned, Vietnam is called “the next China” while Cambodia is called “the next Vietnam”. Both countries could be considered as a short term solution as they hold only 6.5 respectively 1 percent of the Chinese workforce and cannot shoulder the production level of China.

Figure 3.



The graph shows the calculated average growth rate of the Swedish import of manufactured goods from Asian countries 2007 – 2011. Cambodia is growing the most with 54 percent annually while Vietnam, Bangladesh and India all grew their exports approximately 15 percent. Japan was the only Asian country in this selection[2] to show a negative growth. (Statistics Sweden)

But how do companies rethink their global production footprint? Several aspects are of interest for different industries, such as; market focus – local demand or export, product type – low or high value add, location and focus – possibilities to stay and adapt with R&D activities locally, cost structure – transport and wages share of total cost.

Studies have shown that companies now tend to rethink their production footprint in a wider perspective. In a survey made in the United States (U.S.) 50 percent of the respondent companies were considering a move while 26 percent already were moving. After an age of sourcing from low cost foreign countries, one might be surprised that over 30 percent of the companies in the same survey had the US itself

[2] Countries in graph selected based on exceeding 2 percent of the Asian exports of manufactured goods 2011.

as their best alternative (Selko, 2012). As a proof of this trend, Apple announced in December 2012 that one of the company's production lines would be replaced from China to the U.S.

The same, but not as strong, trends are seen in the European Union where another study shows that 22 percent of the responding European companies where considering leaving China. A majority of the companies however stated that they are still pleased with their operations in China (Lei, 2012).

Fang *et al* (2010) states that; companies purely chasing the cheapest production would most probably consider leaving China. One industry which is well known for its nature of chasing low costs and because of this is a typical infant industry in newly industrialized countries is the TECO industry. The main reason for this is that the TECO industry is rather non-complex and labor intensive (Haraldsson, 2012). For this industry the low costs and high quality combination offered in south-east Asia has been an unbeatable combination (Roberts, 2008).

"What can Western companies do when China's factory workers start demanding better wages and conditions? Easy - just transfer production to a cheaper country." (Jung & Wagner, 2008).

How do companies actually successfully navigate the development of low cost manufacturing and how do they evaluate different geographical sourcing area options? Which aspects are of importance and how do the aspects differ between producers within the same industry?

As a fifth of world manufacturing country specialized in low value add production, such as clothing, now has started to replace their production towards a more high value add one, business around the world has started to face a major challenge. Other countries in East Asia has shouldered this low value add production and the establishment of a TECO industry could be a way for them to develop.

A model which supports analysis, evaluation and decision making in issues regarding geographical sourcing area changes is, according to the authors' literature research, missing in academia. There are several models supporting supplier choice or evaluation but none which in the larger perspective supports wider geographical sourcing area selection issues now ongoing. Further on, the subject well covered in media has affected the authors’ interest in these matters.

4. Purpose

The purpose of the thesis is to develop a model for evaluating geographical sourcing area especially designed for the companies within the TECO-industry.

5. Methodology

5.1 Type of study

The thesis has focused on a qualitative study as the authors aim to test if the developed model is valid for companies in the TECO-industry, first tested on Swedish companies. Also a qualitative study was chosen in order to plot the strategically way to evaluate a geographical sourcing area. A qualitative interview is a method to explore, understand and figure out the characteristics of something (Svensson & Starrin, 1996). For this reason the authors considered that qualitative interviews were the best in order to get the textile companies to valid and evaluate the model. Also the authors were able to analysis the decision making process.

It is possible that the study hypnotically could have been done in a quantitative study approach. Though that type of study would require key ratios such of financial data and cost data, information companies find sensitive and rather not share. Still, the model at first needed to be developed or inspired by a literature review.

5.2 Course of action

The first step of the study was a literature review (Bryman, 2011) to create knowledge for the sourcing-phenomena, and for the research carried out earlier in the research area. The literature review was also necessary to find out if older sourcing models were inadequate. The authors were able to find suitable literature through the School of Business, Economics, and Law databases and library. After the literature review the authors started to develop the geographical sourcing area evaluation model. Further on qualitative interviews were performed with participants having a linked role to supply chain management and sourcing in the companies the authors choose to look into. This step was necessary to verify if the model was valid in the TECO industry. The last step consisted of an analysis of the interviews in combination with theory, this to reach a conclusion and argue if the model needs to be more developed.

5.3 Criteria for the respondents

A profile for the respondents has been created, in order to find the right persons for the subject. The profile consists of experience in the textile industry and position in the company. It has been important to choose respondents with long experience, this to ensure deep knowledge of the industry. The kind of positions the respondents have in the companies is also important. Senior or executive managers with a wider perspective of the full operations of the business and with significant information are more likely to give usable answers to difficult company-specific questions and sourcing questions.

5.4 Choice of companies

Two different Swedish textile companies, Didrikson and Oscar Jacobson, have participated in the thesis. Both companies source clothes of high quality overseas, one focusing on functional sportswear and the other one focus on fashionable men's wear and golf outfits for both men and women. The reason for choosing these companies is to see how two different actors in the same industry, adapts international sourcing and evaluates the decision making process of sourcing.

A Swedish sourcing agent, C Jahn, within the TECO-industry has also participated in the thesis. The reason for this is to get a general picture of the process when different textile companies discuss and evaluate the decision of sourcing. As the role as a sourcing agent, C Jahn have the knowledge and experience of international sourcing, which helped the authors to create a better understanding for how the industry works.

The authors have contacted several of large Swedish clothing companies for example Gina Tricot, H&M and Kappahl. The subject, sourcing, seems to be of very critical and sensitive character for some companies and therefore the interest to participate in this thesis have been surprisingly low. Though the respondents of Oscar Jacobson and Didrikson didn't find their sourcing-process information as sensitive or secret, also they fulfill the criteria of position in the company, which make them topical for the thesis. The sourcing agent C Jahn was interested to contribute with their thoughts and experience from first point of contact.

The respondents will not appear as anonyms in the thesis but with both own and company name. The authors have discussed the choice of naming or not naming the respondents and companies. It's important to state that the respondents haven't expressed any wish to be anonyms or on the other hand to be mentioned, it does not seem to have been important to them. Hence, the authors found the respondents not participating in/for marketing purposes or other communicational gains. Further on presenting their names gives the reader the ability to control that the interviews actually originates from these companies and key persons. The authors found the respondents very reliable and do not experience that they have used the thesis to increase their goodwill.

5.5 Data collection

The collection of primary data consists of qualitative interview with key employee from companies within the textile industry. In order to keep the interview flexible the interview has been performed in a semi-structured manner.

By using a semi-structure interview the respondent has the freedom to formulate the answers in their own way. The respondent gets an opportunity to describe and develop its interpretation in depth, which makes this interview method more flexible than a structured one. During the interviews a specific theme with predetermined questions has followed but also questions not included in the interview guide have been asked to complement or link to related questions (Bryman, 2011). Two of the interviews were preformed over telephone because of practical reasons. The other interview was performed as a personal meeting. All the interviews were recorded, in order to avoid important data loss.

The collection of secondary data mainly consists of published articles, papers and news articles mainly from business databases. Quantitative data has been collected from the Statistics Swedish (SCB), since it's a governmental institute the author's estimated high reliability.

5.6 Data processing

The quantitative data were analysed to show how big the Swedish import is and how much the import has changed during specific periods. The results of the quantitative data have been important to show in the background chapter as it indicates that the trade from Asia increases.

The qualitative data has been transcribed, in order to ease the analysis and to get an overall picture of what have been discussed during the interviews. The interviews were summarized in the empirical chapter of the thesis, to create a structure and be able to show differences and similarities. It was important to structure the differences and similarities in order to create a reliably analysis and reach a conclusion.

6. Theory

6.1 Basic theory for understanding for supply chain management and sourcing

Essential for understanding the business environment is the relationship between buyers and suppliers and the value chain, both described by Porter (1980, 1985). His work explains how profitability can be reached by handling the five different forces in one framework to analyze different aspects of the operations, such as purchasing. The inbound logistics of goods and/or services into a company is the first step in Porter's model of the value chain. The cutting of costs in the beginning of the value chain is often of great importance due to the major part of the total costs of the company they could make up to, in some cases so much as 70 percent (Ghodsypour & O'Brien, 2001).

The subject of supply chain management (SCM) is a subject in its early stages of evolution according to Gibson *et al* (2005) which in their research found a strong majority among the respondents supporting the definition of SCM as both strategy and activity. According to Croom *et al* (2000) the origin of the subject is to be found in the work of Heckert and Miner (1940), Lewis (1956) and Forrester (1961). Croom and Bachelor (1997) means that supply chain management seen in a wider perspective also includes theories of organization as it interacts with others in its supply network which could be seen as a further widening of the subject.

Academic attention to the research areas of purchasing decision and supplier selection has increased during the last two decades (Shin-Chan & Danny, 2008). Methods and tools, (Weber & Current, 1993; and De Boer *et al*, 2001) as well as many quantitative techniques for supplier selection have been presented (Ghodsypour & O'Brien, 2001).

De Boer *et al* (2001) presents a thorough review of methods for the supplier selection process work regarding supplier selection is well covered. Shin-Chan and Danny (2008) writes that numerous articles have discussed which attributes to take in consideration, and the importance of selecting the right suppliers, based upon a goal model with long-term relationships and strategic partnership. They continue to state that most studies in the research area have historically been based on a technical output evaluation with criteria such as cost, quality and delivery, to be based upon supplier's long term capabilities with a so called global evaluation model approach.

The model, to be developed in this thesis, is not supposed to replace existing theories but to support companies in their analysis, evaluation and choice of geographical area for sourcing.

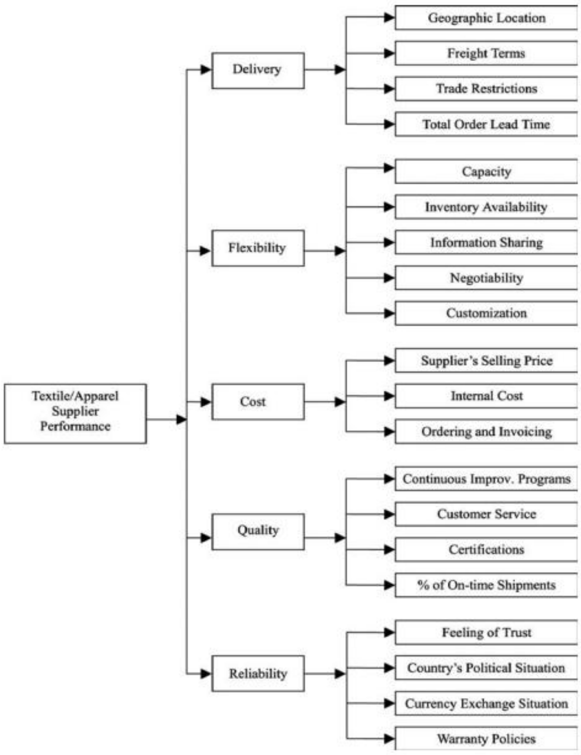
6.2 The three theories building the geographical sourcing area evaluation model

To support the purpose of achieving a thorough analysis of how different operating aspects in global sourcing could be assessed, in this thesis, a developed framework based upon the Kaufmann and Hedderich (2005) and Pyke and Johnson (2002) frameworks are used. Both frameworks are developed for supplier evaluation; Kaufmann and Hedderich (2005) for the textile industry specifically, and Pyke and Johnson (2002) for more industry-general purposes. Further on, the work of Porter and Kramer (2006) focusing on CSR and competitive advantage is presented and later on added as an aspect in the model developed by the authors.

6.2.1 Supplier performance evaluation - Kaufmann and Hedderich

In the Kaufmann and Hedderich (2005) model (Figure 4.) five aspects are mentioned for supplier performance evaluation; delivery, flexibility, cost, quality and reliability.

Figure 4.



The Kaufmann and Hedderich (2005) model which focuses on five key areas of evaluation when sourcing within the textile and clothing (TECO) industry. (Song & Towers, 2010)

6.2.2 Operating objectives in sourcing - Pyke & Johnson

The model of Pyke and Johnson (2002) stresses four operating objectives; delivery, flexibility, cost and quality (Figure 5). The purpose of the model and the objectives is to evaluate which level of relationship to suppliers that is preferable.

Figure 5.

Objective	Sample definitions	Sample measures
Cost	Lowest cost in the industry Cost-competitive with our closest competitors Cost is relatively unimportant because we hold the patent and can charge a premium	$ per unit Labour hours per unit Inventory turnover
Quality	Performance Conformance Durability Reliability Serviceability Features Aesthetics Image	Parts per million defective Warranty dollars spent Per cent returns Results from satisfaction surveys
Delivery	Speed Reliability	Per cent of demand met from the shelf Per cent on time Number of days late Cycle time from order to receipt
Flexibility	New product introduction Ability to customize Breadth of product mix	Time to market Number of new product introductions per year Number of stock-keeping units in the catalogue

The Pyke and Johnson (2002) model stresses four operating objectives as important when evaluating which level of relationship a buyer should have to its supplier. (Song & Towers, 2010)

6.2.3 Corporate social responsibility – Porter & Kramer

Corporate social responsibility (CSR) is by the European Commission defined as *"A concept whereby companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on a voluntary basis."* (European Comission, 2011)

CSR is one aspect not mentioned in either of the two earlier models presented above and its importance in business is increasing (KPMG, 2011). Porter and Kramer (2006) discusses that the rise of CSR as an important topic is caused by public responses to company actions.

"Governments, activists, and the media have become adept at holding companies to account for the social consequences of their activities. Myriad organizations rank companies on the performance of their corporate social responsibility (CSR), and, despite sometimes questionable methodologies, these rankings attract considerable publicity. As a result, CSR has emerged as an indisputable priority for business leaders in every country." (Porter & Kramer, 2006).

In their article, Porter and Kramer (2006) presents a framework (figure 6) companies can use to identify all of the impacts a company have on society as well as generic social issues not affected by the company itself. Further on it supports determine which ones to address and in what way to do it. The three categories are used within the sourcing area evaluation model as framework measuring the CSR aspect.

Porter and Kramer (2006) describe in their article how companies can build CSR within the company and the current industry. One of the examples is the Nestlé-case presented below. Instead of value CSR in terms of good or bad, depending on what a company choose to do or not to do, Porter and Karmer states that companies should see CSR rather as a possibility than a threat.

In 1962, Nestlé, one of the world's biggest nutrition companies, went to Moga in India to start a milk business. The region was very poor, missing transportation and electricity and wasn't developed at all compared to a western country region. The farmers were self-sufficient and often only owned a single cow. They lacked knowledge in how to handle the cows, which resulted in a 60 percent death rate of new-born calves. Except for this, the farmers had few refrigerators to store the milk during of transportation leading to destruction of the good.

Nestlé invested in refrigerators in stores and checkpoints on the road and sent out trucks to collect the milk at the farmers. Together with agronomists, nutritionists, veterinaries and quality assurance experts the farmers where educated in how to produce good milk, which was about taking care of the cows diet. By these actions, a 75 percent drop in death rates of calves was achieved.

Nestlé bought milk from 75 000 farmers in the region in 2006. A tremendous difference from when the company first established buying from 180 farmers. Because of Nestlé's financial and technological investments, Moga has a significantly higher standard of living compared to other regions in India.

Porter and Kramer (2006) stated with this example that Nestlé didn't come to Moga to engage in CSR but to build a business. Nestlé created CSR value within their own operations, creating great value for themselves and Moga.

Figure 6.

Prioritizing Social Issues

Generic Social Issues	Value Chain Social Impacts	Social Dimensions of Competitive Context
Social issues that are not significantly affected by a company's operations nor materially affect its long-term competitiveness.	Social issues that are significantly affected by a company's activities in the ordinary course of business.	Social issues in the external environment that significantly affect the underlying drivers of a company's competitiveness in the locations where it operates.

Porter & Kramer presents a framework for prioritizing social issues in work with CSR within businesses. The three sorts of social issues presented are used in the Geographical Sourcing Evaluation Model developed by the authors as a framework for CSR creation. (Porter & Kramer, 2006)

Another view of CSR, to some extent supporting Porter and Kramers (2006) thoughts of value creation, is Caroll and Shabana (2010) which examines the business case of CSR. They find no direct link between CSR and profitability but instead evidence for indirect gains. Caroll and Shabana see a growing support for the CSR business case over time, but also that not all actions are financially favorable. They conclude by stating that actions with support from the company stakeholders, also in focus in the Porter and Kramer (2006) article, are the only ones in which there is a market for virtue and where a profitable business case for CSR could be built.

6.3 The Geographical Sourcing Area Evaluation Model (GSAEM)

With basis in the above presented two supplier evaluation frameworks and the CSR framework the authors of this thesis have developed another model with purpose to evaluate geographical area for sourcing. Hence, it will not cover aspects later in the decision process such as, more in to detail, supplier selection and/or evaluation.

By presenting five aspects; cost, quality, delivery, flexibility and risk, adapted from the two frameworks, Kaufmann and Hedderich (2005) and Pyke and Johnson (2002), the sourcing model (figure 7) has its base. Besides it's, to the other models, adjusted purpose, this models greatest add is the aspect called CSR. By adding this aspect adapted from the work of Porter and Kramer (2006) the authors wish to increase the value and importance of CSR in sourcing.

The definitions of the aspects within the GSAEM, created by the authors, are much inspired by Kaufmann and Hedderich (2005). All this aspects and their underlying drivers or measurements are shown in table 1 below.
Cost is defined as the extended cost of purchasing including not only the production cost but also monitoring and transportation costs. By including the two latter costs, evaluation between different geographical areas and cultures may be performed.
Quality is based upon production complexity and project experience focusing on the geographical area's abilities to take on the production of a certain product.
Delivery focuses on the lead times of the delivery, both on land as on sea, from production location to target market location.

Flexibility focuses on the ability to changes in production and order of smaller quantities.

CSR is defined as the company's proactive development of society regarding social, ethical and environmental issues.

Risk is defined as the, from all the other aspects, merged risk with sourcing in a specific geographic area. Fluctuations in costs, quality, delivery, flexibility, and CSR are in focus. Added to this external factors, such as political risks, which could affect deliveries are included.

Table 1.

ASPECT	DEFINITIONS	EXAMPLE OF DRIVERS / MEASUREMENTS
Cost	**Extended production cost**	
	Total production costs	Cost per unit
	Total production monitoring costs	Cost per unit in monitoring
	Transportation cost	
	On-land - Cost of transport to production country harbour	Distance from production to harbour
	On-sea - Cost of transport to target market country harbour	Distance from production country to market country harbour
Delivery	**Delivery time**	
	On-land - Transportation time	Level of infrastructure development
	On-sea - Transportation time	
Flexibility	**New product introduction**	Time to market
	Ability to customize	*Number of new product introductions*
	Breadth of product mix	
Quality	**Production complexity**	
	Project experience	
CSR	**Generic Social Issues**	Company does not affect nor is affected by materically
	Value Chain Social Impacts	Significantly affected by company's activities
	Social Dimensions Of Competitive Context	External environment that significantly affect company local competiveness
Risk	**Cost**	
	Extended production cost	
	Transportation cost deviation	
	Delivery	
	On-land transportation time deviation	
	On-sea transportation time deviation	
	Flexibility	
	Supplier flexibility reduction risk	
	Quality	
	Total risk for quality issues	
	Social factors	
	Risk from value chain social impacts	
	Risk from social dimensions of competitive context	
	Country risk	
	Political	Polical change and unstability
	Exchange rate	Exchange rate changes
	Economical	
	Sovereign	Foreign-exchange system changes
	Transfer	Capital mobility changes

The table shows the definitions and underlying drivers for all six aspects in the geographical sourcing area evaluation model. The model is based upon two frameworks for sourcing evaluation combined with addition of the social factors aspect. The definitions and driver/measurements are from the two frameworks and by the authors of the thesis. (Song & Towers, 2010; Porter & Kramer, 2006)

The same six aspects presented have been condensed to a simpler and more illustrative model shown in figure 7 below.

Figure 7.

The figure shows the GSAEM developed by the authors to be used evaluating geographical areas. It consists of six aspects all to have their own importance depending on company; cost, quality, delivery, flexibility, social factors, and risk.

7. Empirical data

7.1 Interview with C Jahn – Vice President Roger Haraldsson

Roger Haraldsson is the vice president of C Jahn. Haraldsson has been working as a purchasing assistant and purchaser at Haléns mail order during 1980-1984. He has also been working with sales at Go On Textile, with production in Denmark and Spain.

C Jahn AB of Sweden is the majority owner of C J International Ltd and established in 1940, in Borås, first working as an importer and then a trading company. C Jahn is a sourcing and quality assurance partner for other clothing brands in Sweden. They act as an agent taking care of the whole production process for companies either in their own production facilities or by subcontractors in many different countries.

In C Jahn's business the company handles production for a number of different retailing brands of different sizes. Their specialty is to guide and advise their clients in where to place production as a whole, a product line or a specific garment. This enables C Jahn's clients to focus on design, marketing and retailing etcetera and leave all issues regarding the production including assurance of quality and CSR to C Jahn.

The GSAEM and its aspects is according to Haraldsson the model companies would use when evaluating sourcing areas. Though companies prioritize the aspects differently depending on their profile. For some companies' high flexibility, short delivery time, and an unquestionable CSR is key. Others are in the need of low costs, which make them leave many European countries short in the competition with newly developed countries in Asia such as Bangladesh.

"Companies analyze all aspects but the biggest risk with sourcing internationally is the risk of bad quality. A bad quality product is unsellable."

With C Jahn's local offices they assures quality and CSR issues within production. As mentioned earlier, the Swedish TECO industry has been in focus for offering inhumane wages. Haraldsson is of the opinion that this sort of bad press is what the

TECO industry will have to endure from time to time. Instead of blaming the industry for its low wages he says that it enables economic development through industrial and experience development. Further on Haraldsson stresses that the industry actively is working with improving worker conditions and rights; in Bangladesh for example.

Haraldsson thinks that Bangladesh and other newly developed Asian countries will be competitive for another 10 – 15 years, which after Africa could be next future production and sourcing area.

7.2 Interview with Didriksons – CEO Sören Andreasson

Sören Andreasson is the CEO of Didriksons since 1998. Andreasson has been working within the TECO industry and with product development mainly his whole life at different companies. He bought Didriksons in 1998 from the New Wave Group and started the company from scratch with focus on high quality functional clothing, mainly produced in China.

Didriksons established in 1913, in the western Swedish coastland called Grundsund and has now been an active producer of functional clothing for men, women and children for 100 years. Didriksons sells their clothes through suppliers, which means they do not have their own concept stores. The clothes are available in a lot of European countries but also in Australia and New Zeeland.

Didriksons mainly source clothes from the North and South parts of China but also in the Beijing area. They have a part of their production placed in Italy as well in Bangladesh and small-scale production in Russia and Turkey. Didriksons doesn't own any production facilities, they only buy from suppliers and therefor adapts the phenomena of international sourcing.

"Cost is one of the most important aspects in our industry, people can say what they want, but it's the truth."

In the beginning of Andreasson's time as a CEO, the company mainly sourced from China but also had a small production in Portugal. But as the costs in Portugal increased, it could no longer be a long-term alternative. The reason for moving and start sourcing from China is particularly cost related, the wages was much lower than in Europe, but also because of the alternatives China could offer. Thailand and Korea had moved textile knowledge into China, which meant that there was a lot of know-how, productions facilities, and skilled labor early in China. Andreasson clarified that cost and knowledge in China was basically the main reasons but also the logistic question had a significant role. Didriksons needs a lot of fabrics and accessories for products and these has to be import to China from example Taiwan and Korea and therefor it's important to be in an area nearby.

Didriksons is sourcing products from Bangladesh. Andreasson described that some products in the product mix of Didriksons are price exposed, which means they demand a lower purchasing price. It's the reason for being in Bangladesh, as Didriksons cannot get the lower price in China. There is a lot of option for textile production in Asia. Vietnam is one, but it is not that much cheaper than China and is mainly able to produce basic types of products. Cambodia and Laos is fully booked and controlled mainly by American companies. Bangladesh however is used to work close to European companies and culture as the country now has a lot of production towards the European market. Instead of moving to the inland of China where the sewing wages are lower, Andreasson stated that he prefers to be in Bangladesh as the infrastructure and knowledge in the inland of China not yet is as strong as one would wish.

Didriksons has an own office in China and will get another one in Bangladesh if they expand the business there. It takes a lot of effort and time to look for new sourcing areas according to Andreasson and as Didriksons doesn't want to be widely spread in the world, it's important that Didriksons' sourcing areas are rather close to each other geographically. It's easiest to source from a few amounts of countries rather close to each other in order to be able to visit the factories and to keep a good knowledge of regulations etc.

The financial strength of a supplier is an aspect missing in the evaluation model according to Andreasson's opinion. A supplier has to be financially strong to start a project of this high caliber Didriksons products demand. The supplier has to finance fabrics from example Taiwan and zippers from Japan and as a partner you don't want to have to financially support the supplier during a project.

Lead times are important to Didriksons but not as important as for example H&M or Gina Tricot and lead times are not valued that high it would make Didriksons move productions closer to Europe. One of the aspects in the GSAEM is flexibility. According to Andreasson the aspect could include different implications depending on whom you will ask. Flexibility could be the supplier's ability to make a quick change in an ongoing production or if the supplier can produce several different products. Didriksons rather work with a supplier who have the knowledge to produce a few things very good rather than with one supplier that can produce a lot of things with less quality as side-effect.

Didiriksons values the CSR questions high and the company has their own environment and social policy they trying to maintain actively by unannounced controls and coverage. As the whole TECO industry works with a lot of dangerous chemicals, Andreasson clarified it is very important to work with reducing environmental and human damage that the chemicals can cause.

The TECO industry is a low price product according to Andreasson. When it enters a country it will build a country from under and create jobs and lift the economy as well as social standards. With the bad comes the good. Didriksons hasn't entered Burma yet, though it could be a possible attractive sourcing area in the future. The reason is mainly Burma's political system and situation, which doesn't apply to Didriksons values. Burma doesn't have an ongoing TECO industry which also is a reason for Didrikson choice.

Andreasson clarified it was very complicated to rank the aspects as quality, price, CSR and risk is four cornerstones in Didriksons vision.

Figure 8.

The figure shows Didriksons ranking of the sex aspects of sourcing in the GSAEM. In order of importance; quality, cost, social factors, risk, delivery and flexibility.

7.3 Interview with Oscar Jacobson – CEO Roger Tjernberg

Roger Tjernberg is the CEO of Oscar Jacobson since 2009. Tjernberg had been working at Tiger of Sweden for 22 years before he left in 2009. A selection of Tjernberg's former positions at Tiger of Sweden involved marketing, purchase, and sales before he the last years he became CEO.

Oscar Jacobson established in 1903 in Borås by Oscar Jacobson, focusing on comfortable work clothing. In the fifties Oscar invited his brother Karl, a famous designer, to join the company. And shortly after they started to produce factory made suits. Oscar Jacobson has also started to sell shoes and to produce golf clothes for both men and women. Oscar Jacobson sells their clothes through their own stores and at premium suppliers. Their clothes are available mainly in Europe but also in Singapore.

The main part of Oscar Jacobson's clothing such as suits, pants and jackets is produced in Europe, more basically in Lithuania where the largest production is but also in Egypt. Oscar Jacobson's knitted tricot clothes, the golf collection, are produced in Italy and Portugal but the majority part is made in China. The functional clothing such as Oscar Jacobson's golf collection is produced in China because of the technical development of material is in Japan and Korea, which means its easier to have production in China than transport the material back to Europe for production. If one would do that, both cost and tempo would be wasted.

The reason for these sourcing areas is a combination of price, quality, flexibility and possibilities for production of smaller quantities. Tjernberg clarified that aspects values differently depending on what type of product to source and produce. Oscar Jacobson own and keep their stocks of fabrics in the production facilities. The reason is to increase the flexibility.

Oscar Jacobson doesn't source from Bangladesh, which is one of the cheapest textile industry countries (Haraldsson, 2012). Instead they, in Asia, only source from China where Oscar Jacobson feel that they can have control over wages being paid, labor rights being followed and an overall qualitative production.

"It doesn't matter what people says, if you want to buy a t-shirt for SEK 19, someone has to produce it very cheap and I am sorry to say this but this someone's wage is nothing you can live on."

Their products; jackets, suits and pants could be perfectly made in China. The reason for keeping the production in Europe is the short lead times and the ability to produce smaller quantities. Tjernberg stated that the big trend is to actually bring the production closer to the home market. Five years ago everything was going towards Asia, now it's the other way around. Back to Europe.

The reason for moving back is according to Tjernberg the economic downturn but mainly the importance of cash flow. The importance of cash flow has grown on behalf of margins and turnover in the industry. The rush to European sourcing and production is hectic and has been during the latest 1.5 years. Tjernberg said that the demand for production in Bangladesh also has increased however by companies looking for lowest cost.

Today as the costs increases in China; China is the biggest loser in Tjernberg's opinion. Oscar Jacobson cannot source from Bangladesh since they believe that their kind of clothes cannot be produced there because of lack of competence and tradition for more advanced clothing. Oscar Jacobson also doesn't have large quantities to offer the suppliers in Bangladesh.

Tjernberg is very satisfied with the production in Egypt. The price levels are the same as in China, but with shorter lead times and very good labor skills. The political instability did increase because of the revolution in 2011 which do worries Roger a bit. Before this, when Oscar Jacobson evaluated Egypt as a potential sourcing area, the political risk was lower and the current situation was not predicted. Therefore Tjernberg stated that the political risk of a country is something valued very high during a decision process of sourcing area.

Tjernberg agreed that the GSAEM is the basic model to use when evaluating geographical sourcing area. Though the tradition of producing clothes of different fabrics and design is very important in the TECO industry. Bangladesh has for example, according to Tjernberg, no the tradition of making the clothes Oscar Jacobson's collections consists of. It is possible it will take ten years for Bangladesh to get there, but a high quality Italian brand or a company like Hugo Boss must first establish and educate the labors of making this type of clothes before Oscar Jacobson is ready for Bangladesh and the other way around.

Figure 9.

The figure shows Oscar Jacobsson's ranking of the sex aspects of sourcing in the GSAEM. In order of importance; social factors, quality, flexibility, delivery, risk and costs.

Tjernberg clarified that it was very complicated to rank the aspects in the evaluation model, as several of them have to work together in a combination. First of all the social aspects have to be proper, it's a basic criterion within the Oscar Jacobson's vision, but also the quality aspect lays within the vision. Flexibility and delivery are important aspects as it's valuable to have the ability to produce short series and change production, therefore get shorter lead times and one can avoid planning a long time in advance.

To Oscar Jacobson risk is of course is of high importance though it would not be prioritized as first. When production is threaten its too risky to be in a sourcing area, its not possible to have delivery's late, that will cost. One would never source from a very risky area.

The reason for prioritizing cost last is because Oscar Jacobson doesn't seek the lowest costs during the sourcing decision process and doesn't want to be categorized among companies doing so.

One factor that could be underestimated during a move to a new sourcing area is the quality aspect Tjernberg said. It always takes longer time to reach the wanted quality than one thought.

Tjernberg also clarified that the cash flow issues of sourcing has become more and more important. The value of cash flow has grown, as the banks demands higher securities. Overlook cash-flow valuations is extremely important during business valuations. It’s therefore very important to know how sourcing affects the cash flow. Flexibility can for example affect cash flow because of frequent deliveries.

7.4 Summary of Oscar Jacobson’s and Didriksons’ sourcing profiles

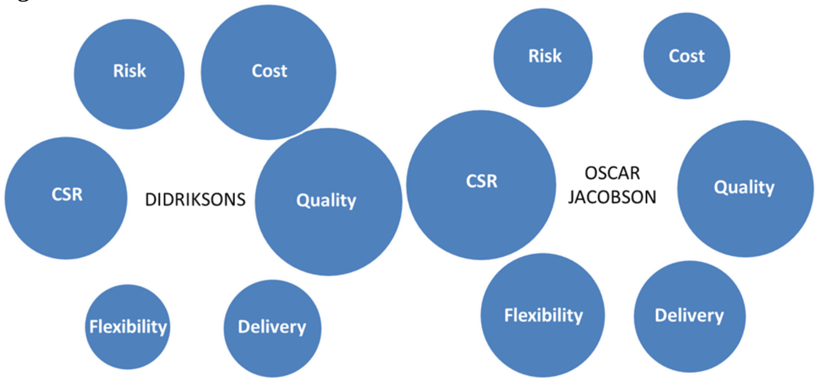
To summarize the empirical data chapter the authors have created a table (table 2) and used the sourcing model (figure 4) to illustrate the similarities and differences in the companies sourcing profiles.

Table 2.

	Company	Cost	Quality	Delivery	Flexibility	CSR	Risk
Which aspects is evaluated in sourcing matters?	Oscar Jacobson						
	Didriksons						
Why is the current sourcing location(s) chosen?	Oscar Jacobson						
	Didriksons						
When/if the sourcing location where to be changed, why would it be changed?	Oscar Jacobson						
	Didriksons						
Which of these aspects are of the highest importance to your company?	Oscar Jacobson						
	Didriksons						

The table shows the theoretical framework developed by the authors to summarize and analyze the empirical data in this thesis. C Jahn’s opinions will not appear in the table, as they work with different clients and cannot give a specific picture, as all their clients values aspects differently. Oscar Jacobson and Didrikson both sees all six aspects as important in case of sourcing evaluation and also agree in cost being the most important factor for the current choice of sourcing footprint as well as the main reason for possible changes in the future. Oscar Jacobson prioritized CSR as the most important aspect and Didriksons prioritized quality.

Figure 10.



The figure shows the outcome of Oscar Jacobsson's and Didriksons prioritizing of the aspects in the GSAEM.

As mentioned in the empirical chapter, both respondents; Didriksons and Oscar Jacobson, prioritized the sex aspects for their respective perspectives. They agreed quality and social factors are of very high or high importance and risk of low importance, however political risk was valued as high. Cost, flexibility and delivery were prioritized in different ways.

Oscar Jacobson and Didriksons, both positioned as Swedish premium brands, valued quality and CSR the highest. In both interviews the two aspects have been discussed closely related to each other. For Oscar Jacobson a product, for example suits, with premium price, cannot be sold if it's produced with any sort of questionable CSR. It's the main reason for not being present in low wage countries in East Asia. As said before, Oscar Jacobson have production in China, though one can argue that China no longer is to be ranked as a low wage country. Oscar Jacobson's presence in China is also related to the skills and material that are to be found in the area.

Looking closer at the quality aspect both companies' states that their current supplier produce with excellent quality, which for them is key. Quality is however differently prioritized for the two companies. Didriksons buys relatively large quantities of specified series of clothing from the supplier while Oscar Jacobson has found a supplier able to produce a wider range of products in series of very few units.

The other aspects; flexibility, delivery, and cost, which the two companies instead valuated rather differently, Didriksons prioritize flexibility and delivery very low while Oscar Jacobson values them as of medium importance. Didriksons argued that with a product less sensitive to fashion-caused demand fluctuation, as theirs, they are able to make orders earlier. Oscar Jacobson, on the other hand, sources closer to the selling market than Didriksons enabling them to make orders later, but to a higher cost. Orders on demand in single quantities are with this sourcing strategy enabled.

As shown in Table 2 both companies agreed cost is the main reason for their current sourcing location and why a possible future relocation would be undertaken. For Oscar Jacobson cost was valued the lowest and this causes a conflict in Tjernberg's answer. However, Tjernberg also clarifies his awareness of this possible conflict. Even so, he still chose to prioritize cost the lowest.

Risk is one aspect both companies mentioned as less important. However, all three companies claimed that production within a country where risks are too high is uninteresting. The risk aspect is to be seen as a go, or no go factor, which determine whether or not a country will be suitable for sourcing or not.

8. Analysis

8.1 Discussions and adjustments to the GSAEM

As described in the theory chapter, the GSAEM, with its six aspects, is developed on basis of a literature review. The outcome of the empirical study indicates that these aspects are evaluated, by the Swedish TECO industry, when deciding geographical area for sourcing.

However, Didrikson and Oscar Jacobson both mentioned other aspects important to the industry. Oscar Jacobson was missing heritage and experience of making clothes, and Didrikson was missing evaluation about the financial strength of a supplier. These comments changed the authors' view, and lead to adjustments, of the model.

The authors' do agree that Oscar Jacobson's suggestion of aspect, heritage and experience, possibly could be included in the model. During the interviews and literature review of the TECO industry, the authors' got the impression that heritage and experience was very important. During the development of the model, such drivers as experience and heritage were considers as a part of the quality aspect. However, since the content of the quality aspect was being questioned by the respondents, the authors' have decided to reconstruct this aspect with a new name; capability. The drivers of capability are the accumulated experience and knowledge, and the technical level of the production such as machinery and facilities.

The aspect regarding financial strength of a supplier, suggested by Didriksons, is according to the authors to be evaluated in a later stage of the decision process. Supplier selection is performed when the geographical area already is decided. Hence, financial strength should not be included in this model.

Flexibility, focusing on adjustments during production, has after the empirical study, been questioned by the authors. Production of smaller and/or custom made series is related to capability earned by experience. Therefore, the flexibility aspect has been removed from the final model, to become a part of capability. With these adjustments the final GSAEM is presented below in figure 11.

Figure 11.

The figure shows the final GSAEM consisting of five aspects instead of six, as flexibility is removed, and quality replaced by capability.

8.2 Discussion regarding validity and consistency of the final GSAEM

The authors find it very interesting to speculate if the model will change over time. Will the final five aspects remain central for geographical sourcing area evaluation, or will any of them be removed or new added?

One example of changes over time is the CSR aspect, added by the authors to the model. Just a few decades ago, CSR wasn't discussed to the extent it is today (KPMG, 2011) and Porter and Kramer (2006) states that CSR has become a vital part for companies competitive advantage.

In time other aspects could, just as CSR did, increase in importance to such an extent that it would be necessary to add them to the model. However, there are no easy answers to the development of the research area nor the society, which is why these questions are to be left unanswered. A model of this kind is to be updated or tested from time to time to stay up to date with current development of society.

9. Conclusion

9.1 The strength of the model and the five aspects

The GSAEM, in this study developed and adjusted, verified with Swedish companies within the TECO industry seems to be aligned with the thoughts and methodology used when handling geographical sourcing area evaluation.

The five aspects in the GSAEM; cost, capability, delivery, CSR, and risk, have their foundation in diverse sourcing and purchasing literature, either general or with focus on the TECO industry. Due the interviews was limited, the level of seniority of the two CEO's provides validity. Further on the respondent specialized within the TECO industry and global sourcing, contributes with an objective view not affected by company specific values. With this in mind, the authors believe that the model indicates to be representative for the Swedish TECO industry.

9.2 Suggestions for further research

After the development, the first study and adjustment of the GSAEM further research is of interest. The indication of the model as applicable on the TECO industry is interesting but the authors would like to examine the applicability further on other industries. With the models rough aspects it could be industry-generic.

Another interesting area for further research would be to in more detail define the drivers of the five aspects. With these drivers defined a quantitative approach for prediction of new interesting sourcing markets could be performed.

By these reasons two suggestions for further research is suggested;
(i) Is the model industry-generic? - Research in multiple industries.
(ii) Finding quantitative drivers to the different aspects to be able to predict coming changes in global production networks and upcoming interesting areas for sourcing.

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Appendix 1; Interview guide

This interview guide was to create a structure during the interviews, other questions have been asked.

1. När började företaget med global sourcing?

2. Från vilka länder, och i dessa länder vilka regioner, sourcar företaget från idag?

3. Varför har företaget valt sourcing från just dessa länder?

4. Överväger företaget att flytta sin sourcingverksamhet från något av länderna och i sådant fall av vilken anledning?

5. Om företaget överväger att flytta, är företaget ensamma om att se sig om efter andra lågkostnadsländer eller upplever företaget att det är branschen generellt som gör det?

6. Enligt företagets årsredovisningar sourcar företaget från Bangladesh. Vänligen beskriv vilka som är de största skillnaderna respektive likheterna från att sourca från Kina mot att sourca från Bangladesh?

Värdering av sourcingmarknad

7. Med vilken typ av analys och utvärderingsverktyg använder sig företaget av när det söker sourcingmarknader/sourcingalternativ? Vilka aspekter värderas då?

8. Hur arbetar företaget med att värdera risk för en sourcingmarknad?

9. Kan företaget identifiera sitt tillvägagångsätt vid utvärderingsarbete av sourcingmarknad med den utvärderingsmodell som vi har tagit fram bestående av; cost, quality, flexibility, delivery, CSR och risk?

10. Vänligen rangordna i ordningsföljd, med viktigaste faktorn först, vilka av de tidigare nämnda faktorerna som skulle vara viktigast för ert företag, vid utvärdering av en sourcinglösning?

Förklaring av faktorer
COST – Produktions-, övervaknings- och logistikkostnader
QUALITY – Aspekter rörande kvalitetsnivåer och jämnhet i kvalitet
DELIVERY – Transporttid och avvikelser i denna från fabrik till hemmamarknad
FLEXIBILITY – Produktionsomställningar, produktförändringar
SOCIAL FACTORS – Miljö och ekologi, arbetsförhållanden etc.
RISK –Total risk för sourcingalternativet

11. Vilka av de ovanstående faktorer var viktigast när företaget senast genomförde en förflyttning eller nyetablering?

12. Efter utvärdering av förflyttningen eller nyetableringen, hade företaget undervärderat någon/några av ovanstående faktorer?

13. Efter utvärdering av förflyttning eller nyetablering, vad för lärdomar tog företaget med sig inför eventuellt liknande projekt?

- *Var det enklare eller svårare att genomföra förflyttning eller nyetableringen än vad företaget föreställt sig?*
- *Varför var det enklare respektive svårare att genomföra förflyttning/nyetablering?*
- *Vad lyckades företaget bra med vid genomförandet respektive vad lyckades företaget sämre med?*

Apendix 2; Interviews

Telephone interview with Sören Andreasson CEO of Didriksons. 2012-12-15.

Oskar inleder med att berätta att vi ska utforma en modell som är ett verktyg när ett företag ser över sourcingalternativ. Vi kommer låta Sören kommentera på modellens olika aspekter men innan vill vi att Sören skall berätta om kort om sin bakgrund och vidare berätta om hur Didriksons arbetar med internationell sourcing.

Sören Andreasson, VD, för Didriksson, har jobbat med textil mer eller mindre hela sitt liv. Han började på Almedal i Dalsjöfors inom hemtextil. Produktion i egen regi i Sverige, allt producerades då i Sverige. Sören lärde sig retail hos Team Sportia, som då var en division inom Järnia. Han gick sedan vidare till Kraft för att arbeta med produktutveckling och produktion i Portugal. Portugal blev för dyrt och man skulle flytta sin produktion till Fjärran Öster, Korea Taiwan och Kina. Sören Andreasson köpte slutligen loss Didriksson, som var varumärke i Krafts portfölj, detta skedde efter New Wave hade köpt Kraft. Didrikssons startade om från noll år 1998 och byggde upp det med fokus på funktionskläder som var producerade i huvudsakligen Kina.

Var någonstans sker tillverkning av Didrikssons kläder?
– Den sker huvudsakligen i Kina och vi producerar bland annat i Södra Kina, Fu Zou, Nimbo området. Där är de duktiga på stickning. Didriksson producerar i även i Pekingområdet, norra kina och Italien. Vi har även produktion i Bangladesh, samt små produktioner i ryska och turkiska områden.

Du nämner att det är i Kina ni började producera i?
– Ja, Didriksson producerade från början enbart i Kina och en liten del i Portugal innan det blev för dyrt.

Om man bryter ner det i olika beståndsdelar, varför valde ni Kina då?
– Framförallt kostnadsmässigt, sömnadslönerna var enormt mycket lägre än i Europa och alternativen i Kina var större bland annat befolkningsunderlaget. Thailand flyttade kunskap in i Kina och koreanerna gjorde likadant. Japanerna hade även gjort det tidigare. I Kina fanns och finns mycket ”know-how” sedan tidigare och även mycket bra fabriker och tillgång till kompetent arbetskraft.

Ska man tolka ditt svar som att det i störst utsträckning var kostnad men även den kompetens som fötts på grund av ”kunskapsimport”?
– Ja, men även en logistiskfråga, det är mycket undervaror såsom tyger och accessoarer som måste importeras till Kina, då behöver man ligga där det finns en industri runtomkring som fungerar. Taiwan levererar fortfarande en del tyger till Kina och Korea också.

Vad var det som fick Didriksson ta det steget in i Bangladesh?
– Vissa produkter i den mixen Didriksson har är prisutsatta och där vi vet att vi måste ha ett lägre pris, vi klarar inte det i Kina. Då söker vi nya områden och då är Bangladesh ett av de länderna. Flera fabriker drivs av kineser och taiwaneser.

Didriksson är inte ensamma om att flytta till Bangladesh, är det branschstandard att många klädföretag rör sig mot Bangladesh och Kambodja?

– Det finns produktion i hela området, hela sydöstra Asien. Vietnam är inte speciellt mycket billigare än Kina och ganska fulltecknat, kör mycket basvaror. Det finns många yrkesföretag som har långa serier samma produkter. Kambodja och Laos väldigt styrda och är ockuperade av amerikaner. Bangladesh ligger nära oss, de har nämligen mycket produktion mot Europa därför väldigt vana med kulturen.

Hur väger du dessa aspekter i modellen mot varandra och vad är viktigt för Didriksson?
– Alltså det är kombinationer av olika saker. Den ena är kostnader, den är absolut en av de viktigast i vår bransch sen får folk säga vad de vill. Den är viktig. I Fo zu området, som är känd för stickad produkt, där finns mycket taiwaneser som är specialistkompetenser och effektiva. Man väljer område efter kompetens. Peking området är viktigt, ett frihandelsområde. Stora fabriker och lång tradition av tejpade produkter som är en annan viktig del för oss. I norra Kina finns bland annat koreansk management i många fabriker, vilket innebär annan tradition och kunskap om passform. Man vill vara nära utforskningsområde och hamn. Nära kusten.

Till exempel att välja Bangladesh jämfört med att gå längre in i Kina som skulle kunna ha lägre löner. Hur ser du på det?
– Framförallt logistisk och kunskap, infrastrukturen är inte färdig. Nya regeringen i Kina vill ha annan fördelningspolitik, arbetarna ska inte behöva flytta så mycket eller långt.

Vi har med sex olika aspekter i modellen som vi har tagit fram. Dessa är kostnad, kvalitet, leveranstider, flexibilitet i produktion, sociala faktorer och risk. Håller du med om att dessa är relevanta vid utvärdering av ett sourcing alternativ?
– Jag efterlyser finansiell styrka hos leverantör som aspekt. Att en leverantör kan ha råd att dra igång ett projekt av denna kaliber. Didriksson köper en färdig produkt men nominerar vilka delar som ska mer. Vi ställer olika krav på leverantören. I vårt fall ska leverantörer finansiera tyger från Taiwan bland annat och blixtlås från Japan.

Är detta en stor del av er utvärdering på en leverantörsnivå?
– Ja, vi har valt att enbart köpa en färdig produktion. Ibland har det hänt att de måste förskottsbetala tyger osv men detta försöker man jobba sig ur. Kan vara fel, bränt tyger, kört fel måttlistor. Man betalar gärna lite mer för att minimera risken.

Vad skulle kunna få er att flytta produktionsanläggningar? Vilken annan region i världen är intressant?
– Det kan finnas andra regioner som är intressanta. Det tar mycket kraft att leta fram nya marknader att sourca ifrån. Vi har ett eget kontor i Kina. Om vi ökar produktion i Bangladesh så ska vi nog sätta upp kontor där med. Men vill hålla det till en koncentrerad produktion. Kunskap om en, två eller tre länder fungerar men för spridda länder kan bli krångligt på grund av olika lagar och regelverk.

Hur viktig är ledtid som aspekt?
– Den är väldigt viktigt, vi har inte råd att ha längre än fem månader. Kortare är ok. Detta från att man lägger en beställning tills varan är ute i butik.

Om man talar om transporttider, ni är så långt bort i världen som man kan. Hur kan man korta ledtiderna? Vill ni vara i Östeuropa som är närmre, är ledtider värt så mycket?
– Jag kan enbart prata för Didriksson men Didriksson inte är lika ledtidskrävande som till exempel H&M och Gina Tricot. Ledtider är inte värt så mycket att man skulle byta land för att korta dem.

Hur stor vikt lägger ni vid flexibilitet, det vill säga förändringar i produkt under tiden?
– Det är viktigt att vara väldigt noggrann design. Hur fickorna skall sitta osv. Vissa tekniska produkter kan vara svåra. Behöver producera först och göra en prototyp för att t.ex. göra en ny ficka. Man tillverkar alltså några prototyper för att sedan korrigera dem och vidare har man sedan säkerhetsställt produkterna som sedan kan börja produceras i större skala. Flexibilitet är ett vitt begrepp, bland annat kan man se flexibilitet som att en leverantör kan producera många olika produkter, dock arbetar inte Didriksson med dessa eftersom man vill ha leverantörer som är bra på saker istället för halvbra på vissa.

Vi har en aspekt som behandlar sociala aspekter, hur värderar ni den aspekten?
– Jag tycker det är farligt att media dömer ett land. Det finns mycket kemikalier som man måste hålla reda på och tekniska material. Där försöker vi alltid vara pålästa för att kunna ta hand om kemikalier så gott det går. Vi är ute på fabrikerna och följer produktionen på plats, det är väldigt viktigt för oss. Vi har en egen miljö och CSR policy och tittar på varje enskild fabrik vi producerar i. Vi har även en textilingenjör som lyfter och bevakar dessa frågor om CSR och kemikalier. Det sker också flygande kontroller över fabrikerna.

Om Didriksson idag skulle utvärdera en sorucingplats i Bangladesh hade ni tagit samma beslut att producera där trots massiv negativ press i området?
– Ja, jag tycker inte man ska döma Bangladesh som land i pressen är det väldigt generaliserat. Samma situation har funnits i Kina. Sören har uppfattningen av att när textilindustrin är en lågprisprodukt kommer in i ett land så kommer den in för att bygga upp ett land, bygger upp underifrån, skapar arbetstillfällen. Från det onda kommer det goda får man se det till och utveckla för att det ska bli bättre. Vi har inte gått in i Burma som vi även har kollat på dock pga politisk system som inte är okej, får avvakta tills det är mer okej. Ju större man är desto enklare att bli utsatt för negativ press och publicitet, det har vi märkt i takt med att vi har växt.

Politisk risk, landsrisk, hur ser du på detta?
– Det är värderingar man gör. Hur stabilt och okej är ett land. Det vill säga statsskick, där Burma är ett bra typexempel på grund av att de har haft ett styre som inte är okej så har inte textilproduktionen startat där än. Grannländerna typ Pakistan och Bangladesh har tagit nytta av detta.

När ni har valt att flytta källa till sourcing, någon speciell aspekt som varit svårare än ni bedömt?
– Ibland stöter man på saker man aldrig funderat på. Jag har svårt att specificera men till exempel är att man måste stötta en leverantör mitt i pågående produktion på grund av svag finansiell styrka hos leverantör.

Dessa flyttar som har skett, har Didriksson ackumulerat någon kunskap som kommer underlätta och hur har utvecklingen varit?
– Utveckling sker löpande på olika nivåer, bland annat har en inköpsdivision som arbetar väldigt hårt. Till exempel en underleverantör som kommer i kläm. 2010 Kina hade enorm tillväxt på lokal marknad, blixtlås-underprodukt men om den sinkar eller försvinner då är det den som betalar mest som får det. Efterfrågemarknad blir besvärlig. (Sören förtydligar att det handlar om insatsvaror till produktionen som leverantörerna behöver som Didriksson inte köper)

Om du nu skall värdera dessa aspekter vi tagit, i vilken ordning skulle du lägga dem?
– Det är väldigt svårt att skilja på dem måste jag säga. Det vill jag verkligen poängtera.

Varför är det svårt?
– Det är fyra aspekter som utgör är hörnpelare, kvalitet oerhört viktigt. CSR har vuxit och det är en viktig fråga för Didriksson. Även risken, man går ju aldrig in och chansar.
Återigen, detta är väldigt svårt. Jag skulle rangordna dem i följande ordning: 1) Kvalitet 2) Pris 3) Sociala aspekter 4) Risk 5) Ledtider 6) Flexibilitet

Interview with Roger Haraldsson, Vice President of C Jahn. 2012-12-19.

Sarah inleder med att berätta att vi ska utforma en modell som är ett verktyg när ett företag ser över sourcingalternativ. Vi kommer låta Roger kommentera på modellens olika aspekter men innan vill vi att Roger skall berätta om kort om sin bakgrund och vidare berätta om hur C Jahn arbetar med internationell sourcing.
Roger är delägare och vice VD på C Jahn. Han var inköpsassistent och inköpare på Haléns postorder 1980-1984 och försäljare på Go On Textile 1984-1986 innan han började på C Jahn.

Är dessa sex aspekter som finns i modellen ett rimligt sett att utvärdera sourcingalternativ på?
– Ja, det är dessa sex aspekter som företag tittar på när de utvärderar sourcingalternativ. Så det stämmer, absolut. Jag har läst vad ni skriver om era sex aspekter och det är ju väldigt intressant. Modellen går att använda både på varje land och mellan olika länder. Det har ju varit en utvecklingsfas, från början var vi i Danmark sedan Portugal, Hong Kong, Kina och nu Bangladesh. Vad hade människorna i Bangladesh gjort om inte H&M och andra textilföretag funnits där?
Turkiet har ju varit ett land där det producerats en hel del kläder men det ses nu som för dyrt, precis som Kina börjar bli. Det är numera en nödlösning för köp av kläder med kort leveranstid, det kan krävas för företag med en mycket hög modegrad. Det finns bara några länder kvar i Europa och dess närhet för denna typ av korta leveranstider, Rumänien, Turkiet och Egypten är tre av dem.

Kina har vissa förutsättningar för att fortfarande hålla låga priser, de är duktiga på råmaterialet genom sin skicklighet på väveri till exempel. Kinesiska staten ger också 16 procent i subventioner till företag. I Kina är de också duktiga på att producera, det kan vara vissa kommunikationsproblem men de levererar bra kvalitet. Problemen är istället att det börjar bli dyrt där produktionen tidigare skett, framförallt vid kusten. Kina försöker effektivisera och att gå på lite mer ”high end market”, det vill säga premium. Vissa trender indikerar också att fabriker flyttas inåt landet där arbetskraften är billigare.

Med ökande transportkostnader och ledtider i Kina, hur ser det ut om företag väljer att producera i Kinas inland som sägs ha lägre kostnader än längts kusten?
– Jo, det är ju en nackdel. Båda transporttid och kostnader ökar kraftigt så lösningen är inte revolutionerande att flytta inåt landet. Det händer inte tillräckligt. Till Europa importeras det ungefär $ 100 mdr från Kina och nu ungefär $ 20 mdr från Bangladesh. Det som kommer att hända är att Kina kommer minska och andra länder i Asien kommer att ta över deras produktion. Det händer oerhört mycket i Bangladesh just nu, det investeras oerhört mycket. Världens största fabrik för kläder, för skor etcetera dyker nu upp där. Vietnam och Kambodja är inte så mycket billigare än Kina men de ligger nära Kina, vilket är en fördel då råmaterial ofta finns i Kina. Det har ofta varit taiwaneser eller koreaner som har satt upp produktion i Asien i de länderna där lönerna fortfarande är låga. Förut var ju förhållandena i Bangladesh oerhört dåliga och det är ju fortfarande oerhört låga löner. Men industrialiseringen som skett har gjort att minimilönerna ändå har fördubblats.

Kina behöver fortfarande klädesindustrin för att få människorna där i arbete. Men inom ett antal år då Kina går mot sitt mål att vara 900 miljoner människor så kommer

det inte se ut på samma sätt. Textilproduktion kommer då konkurrera med fordonsproduktion och annat som betalar dubbelt så höga löner och kommer då inte att vara konkurrenskraftig. Det gäller även Indien där textilproduktionen konkurreras av call-center verksamheten som där är mycket stor och lönerna betydligt högre.
När en jämförelse mellan länder görs så är lönen mycket viktig men också effektiviteten hos arbetarna måste tas i beaktning. I Bangladesh går det en extra arbetare per maskin som assistent. Därför kan en fabrik totalt sett ha mellan 40 och femtio procents överskott av arbetskraft och det möjliggörs ju för att lönerna är oerhört låga. Arbete med att effektivisera detta sker naturligtvis, både av ekonomiska och säkerhetsmässiga skäl. Vi arbetar nu med att öka effektiviteten och istället betala de anställda bättre för deras effektivitet i bonussystem. En fabrik i Bangladesh behöver tre gånger som många anställda som en fabrik i Kina för att producera samma output.

Förutom andra faktorer, producerar företag också i vissa länder/regioner eller hos specifika producenter för att få en viss känsla i plagget. Som konsult kan jag säga till företag att detta är en bra produkt att producera i Bangladesh, Pakistan eller Kina exempelvis. Var företag placerar sin produktion beror också på kvantiteten, vissa länder har inte produktion anpassad till för små serier.

Finns det någon annan aspekt än dessa sex aspekter som företag värderar?
– Det är en stor risk att handla direkt med en produkt i framförallt de mest outvecklade länderna.

Vilka av dessa sex aspekter kommer först?
– Det är dessa sex aspekter som företag värderar men de har olika vikt för olika typer av företag. Pris hör samman med kvalitet och sociala faktorer. Det kostar att ha certifieringar och en seriös produktion. Flexibilitet och leverans hör också samman. Vissa länder klarar inte att producera på tillräckligt kort tid, vilket gör den totala ledtiden för lång. Risk och sociala faktorer hör också samman till viss del.

Vilka typer av företag skulle kunna utgöra exempel på extremfall mellan låg kostnad, kvalitet, flexibilitet och leverans jämfört med det omvända?
- De företag som säljer till ett lägre pris måste ge vika på andra delar och det är då oftast kvalitet, flexibilitet och leverans som kommer bli sämre. Företag tenderar att försöka förlägga en produktion av ökande komplexitet på länderna med lägst produktionskostnad, vilket driver utvecklingen och investeringarna.

Hur ser du på Burma som sourcingalternativ?
– Ja, det är ju naturligtvis ett land som skulle kunna vara intressant som ett framtida produktionsland. Än så länge är riskerna lite för stora och sen så skulle vi också behöva hitta vad som gör just dem unika i en eventuell produktion, vad är just de bra på att producera?

Är landsrisken för stor i Burma just nu?
– Problemet är att vi inte kan uppskatta risken just nu, det gör det oerhört svårt. Det är lite för tidigt för oss. Alla frågar sig ju vilket land som blir det nästa stora landet och det skulle ju kunna vara i Afrika i framtiden. Vi ser dock att Bangladesh nog skulle kunna hålla sin position och konkurrens inom klädproduktion de närmaste 10-15 åren.

Tenderar företag att undervärdera någon av dessa faktorer?

– Alla värderas naturligtvis men den enskilt största risken är om företag inte har en aktiv närvaro så de kan kontrollera kvaliteten på varorna. En produkt med dålig kvalitet är osäljbar. H&M kommer att tredubbla sina inköp från Bangladesh inom tre år. Det innebär att de kommer att köpa cirka 10 mdr därifrån istället för Kina. H&M köper redan nu upp all kapacitet i bra fabriker för att kunna producera i Bangladesh i framtiden. De länder som nu utvecklas kraftigt har också stora utmaningar i infrastruktur och i många fall korruption. Inom båda dessa områden var Kina mycket starkt, vilket kraftigt har bidragit till deras utveckling. Företag jobbar aktivt med att höja standarden för arbetare. Karl-Johan Persson var själv och träffade premiärministern och lobbade för höjda löner för arbetare. Den enda vägen till högre löner är att förhandla om höjda minimilöner, att betala högre priser innebär bara att fabriksägaren kan plocka ut högre vinster.

Telephone interview with Roger Tjernberg, CEO at Oscar Jacobsson. 2013-01-05.

Oskar inleder med att berätta att vi ska utforma en modell som är ett verktyg när ett företag ser över sourcingalternativ. Vi kommer låta Roger kommentera på modellens olika aspekter men innan vill vi att Roger skall berätta om kort om sin bakgrund och vidare berätta om hur Oscar Jacobsson arbetar med internationell sourcing.

Roger Tjernberg är VD på Oscar Jacobsson sedan januari 2009. Innan dess har han jobbat 22 år på Tiger of Sweden. Roger startade sin karriär hos Tiger of Sweden som kollektionsansvarig och gick sedan vidare att arbeta som inköpare, med säljfrågor och marknadsföringsfrågor tills han slutligen blev VD. Roger har även arbetat som inköpschef för Tempo under 1983-1986.

Var någonstans idag köper Oscar Jacobsson ifrån? Var sourcar ni?
– Huvuddelen av konfektionen kostymer byxor kavajer sourcar vi från Europa, i Litauen har vi den största produktionskonfektion. Sen när det gäller stickad trikå, fortfarande Italien, lite trikå från Portugal men en hel del från Fjärran Östern. När det gäller mer tekniska och funktionella kläder, golfkonfektionen, produceras större delen i Asien.

Vilka är anledningarna till valet av dessa länder?
- Det är en kombination av pris och kvalitet, flexibilitet, minikvantiter och ledtider. Väger ihop alla dessa. Till exempel i Litauen kan de producera ett plagg i taget med en ledtid på 2-3 veckor med eget material. Vi äger tyglagret på fabriken i Litauen för att öka flexibiliteten. Detta går troligen inte i Kina, prismässigt väldigt intressant om man även sourcar material och tyg. Men där finns det krav på större volym, det vill säga man tappar ledtid och flexibilitet för att det måste transporteras med båt från Kina.

Vilka aspekter är det ni tittar på när ni utvärderar ett land som sourcingalternativ?
– Olika aspekter på olika produkttyper. När det gäller tekniska produkter till exempel regnställ, windstoppers, så ligger den tekniska utvecklingen på materialsidan i Japan och Korea. Det är enklare att ha den produktionen i Asien, annars behöver man flyga materialet till Europa. Då man tappar tempo och kostnad, därför är den produktionen i Kina. Vi har inte valt att gå till Bangladesh, Kambodja eller Vietnam för vi är måna om värden att om att ha en bra produktion, kunna hålla arbetstider och betala ut rätt löner. Vi känner att vi kan ha kontroll över detta i Kina på ett annat sätt. Tittar man på andra bitarna, vill vi behålla sourcingen i Europa för att ha så korta ledtider och kunna tillverka mindre kvantiteter. Allt går att göra i Kina, men vi har valt att inte gör det där. Den stora trenden är att plocka hem produktionen tillbaka till Europa. Fem år sedan flyttade mer och mer företag till Asien men nu är den stora trenden att flytta hem mer och mer. Kassaflöde har fått större uppmärksamhet, viktigare än marginalerna och omsättning. Genom att plocka hem produktion binder du kapitalet på kortare tid. Nu är det större rush på produktion i Europa. Jag har sett stor skillnad de senaste åren, svårt att hitta plats för produktion i Europa.

Vi har hört att det är rush till fabrikerna i Bangladesh, gäller det alltså inte för alla företag inom textilbranschen?
– Idag är de stora förlorarna Kina, eftersom kostnaderna stiger. De företag som gick till Asien för att söka billiga kostnader sticker till Bangladesh, Laos, Kambodja. Första steget från Kina var Vietnam men där är inte så billigt längre heller. Vi klarar inte av producera våra kläder i Bangladesh rent kvalitetsmässigt eller kan erbjuda den kvantitet som leverantörerna önskar.

Vi har skapat en modell vi nu testar i textilbranschen. Den består av sex olika aspekter i oberoende ordning flexibilitet, kostnad, leverans, risk, ledtider, sociala aspekter. (Förklaring av aspekter sker)
– En del av vår produktion ligger i Egypten, det är helt fantastiskt. Prismässigt helt i klass med Kina, enklare transporter, kortare ledtider, gott hantverk, allt är oerhört bra. Men absolut för stor risk. Först när vi började utvärdera bedömde vi att det inte fanns någon som helst risk, men sen kom revolutionen och en väldigt ostabil och osäker tid. Man stänger igen fabriker och har utegångsförbud. Risk är alltså en typisk sak man måste värdera vid ett sourcingalternativ.

Är denna modell lik den ni själva använder?
– Ja, men för just konfektion och textilbranschen är tradition oerhört viktigt. Därför att i vissa länder har man ingen tradition av att göra konfektion, den typ av kläder vi gör, utan bara att göra lättare produkter till exempel t-shirts. I Bangladesh finns inte möjligheten att göra kvalitativ konfektion.

Så även om Bangladesh utvecklar sig i produktionstekniskt kunnande, kommer inte den typ av produktion det vill säga, konfektion inte kunna produceras där?
– Jo, men det kommer ta lång tid innan de kan göra det. Tittar man på länder som idag är stora på produktion av konfektion, så är det länder som har haft lång tradition av konfektion. Portugal, öststaterna och Kina har haft hygglig produktion i 20 år. Det tar alltså tid att bygga upp det. Det finns ju möjligheten att göra enklare produktion av kostym etcetera i Bangladesh men kommer ta minst tar 10 år. Det krävs att ett stort företag som exempel Hugo Boss eller annat italienskt företag kommer och etablerar fabriker där och bygger upp kompetens. Troligen genom joint-venture.

Förutom dessa sex aspekter i modellen, finns det någon annan aspekt förutom tradition av konfektion som saknas du tycker saknas?
– Nej. Jag tror ni har fångat upp de viktigaste sakerna, jag kommer inte på några andra saker, utan det är de aspekter som man använder när man överväger.

Kan du prioritera dessa aspekter i modellen ur ett Oscar Jacobsons perspektiv?
Jag tycker det är jättesvårt. Idag måste flera utav dessa aspekter fungera. Vi kan inte sourca någonting om inte de sociala faktorerna är rätt. Det är ett bas kriterium som måste uppfyllas. Vi kan inte heller producera där kvaliteten inte håller måttet. Jag tycker detta är väldigt svårt att prioritera. Kostnader för oss kommer relativt långt ner. Flexibilitet och leverans hänger ihop lite, även om de är rätt olika. Flexibilitet är att man kan göra hyggligt korta serier och ställa om, samtidigt som du kan ha korta leveranser, så man inte måste planera ett år i förväg. En viktigt bit. Jag tycker det är väldigt svårt att sätta dessa mot varandra. Risk måste man ha med, men sen kanske inte man prioriterar den aspekten först men den är högt upp. Man går inte in i ett land som det kan bli problem i och lägger produktion där.

Jag skulle prioritera såhär:
1) Sociala 2) Kvalitet 3) Flexibilitet 4) Leverans 5) Risk 6) Kostnad
Sourcar du något nytt så slår du även kostnaden än vad du redan har i slutändan. De andra sakerna måste vara mycket bättre än du redan har om kostnaden är högre, om kostnaden är densamma prioriterar man de andra sakerna före. Men som sagt det är en ihop vägning av alla aspekter.

Du presenterar kostnader långt ner och sociala aspekter högt upp. Varför tror du att värdet av sociala faktorer prioriteras väldigt högt?
– Vårt behov är inte att köpa lägsta pris. Så länge du ska söka lägsta pris kan du inte betala ut vettiga löner. Det spelar ingen roll vad någon säger, ska du köpa en t-shirt för 19 spänn, så är det någon i slutändan som måste producera t-shirten oerhört billigt, till en slant man inte kan leva på. I'm sorry to say. Vi vill inte tillhöra det gänget. Det krävs så oerhört mycket mer av oss. Om vi skulle hamna i situationer som H&M gör, alltså för dem är det naturligt att hamna i situationen av bli utpekad i media, för de måste köpa lägsta pris hela tiden. Vi har inte det behovet, utan för oss är det viktigt att kvalitet och flexibilitet fungerar. Jag tror vi kommer se en skillnad, konsumenten kommer kräva mer. Var kommer bomullen ifrån och vilken fabrik? Vi kommer inte komma undan.

När blir det för riskfullt att fortsätta sourca i ett land? Till exempel Egypten. Var går gränsen för hur riskfyllt ett land får vara som produktionslokalisering?
– Alltså för vår del har det varit när vår verksamhet störs, vi mäter ur ett kvalitet och leveransperspektiv. Om du får hem leveransen två månader senare än du skulle, är det för stor risk. Då blir det för dyrt ändå. Under min tid i denna bransch, har vi gått från produktion i Sverige, Finland, Portugal, Jugoslavien, Ungern, Rumänien, sen Kina. Ungefär såhär har det sett ut i 25 år i konfektionsproduktionen. Konfektionsproduktion kan flyttas lätt. Men Oscar J har en basproduktion i Litauen, vi tittar nya producenter i Bulgarien, Ukraina. Kollar kraven. Kanske inte flyttar allt utan en del. Om det inte fungerar får man backa hem igen.

Vi jobbar med två olika sätt med att köpa grejer. Vi skiljer på det vi köper färdiga plagg, som vi ofta gör i Asien, då tar våra designer och inköpare fram något och så köper man dem. Så jobbar de flesta som handlar därnere. När det gäller konfektionsdelen använder man CM eller CMT, köper tillverkning egentligen. Cut Making Trim. Tillskärning, tillverkning och tillbehör. Antingen köper vi CM, tillskärning och tillverkning och då tillhandahåller vi i tyg och tillbehör själva. Denna skapar en annan typ av logistik som måste fungera, vilket är både bra och dåligt. Man är lite mer flexibel vid byte av producent, måste bygga upp tyglager med producent. Det krävs att man har en långsiktighet att man jobbar nära. Förut på Oscar Jacobson hade man lagret av tygerna i Borås sedan skickade man de skurna delarna till fabrikerna för att sy ihop dem.

Nu har ni gjort olika flyttar, finns det någon faktor som vi undervärderat?
– Kvalitetsaspekten, det tar alltid lite längre tid att få upp kvaliteten än man tror. Det är största problemet man flyttar sourcingen. Flytt är oftast en reaktion på stigande kostnader. Men nu talar jag ju emot mig men det är ofta kostnader som ligger till grund för en flytt. Krävs stora resurser och personal närvarande under lång tid, när man flyttar.

Det som har kommit till som man märker mer och mer det är ju kassaflödesmässiga funktionen av sourcing, det har vuxit i värde i och med att banker är tuffare och tuffare. Vid företagsvärderingar tittar man på kassaflöde. Hur socuring påverkar kassaflödet har en oerhört viktig betydelse. Flexibilitet kan påverka kassaflödet på grund av olika orsaker, fler tätare leveranser, de finns olika saker som kan vara styrande i en sorcingprocess ur ett kassaflödesperspektiv.