

Introduction

THE AMERICAN AIRLINES JET banked sharply before it dropped like a rock over the collection of ramshackle shanties on the outskirts of Tegucigalpa.

I gripped the armrest tightly, and a number of my fellow travelers quickly drew the sign of the cross in front of themselves as we barreled down into Honduras' Toncontín International Airport. The plane's wheels hit hard, then bounced a couple of meters off the ground before breaking to a turn at the end of the tarmac. We had narrowly avoided plunging off the sheer cliff that bordered the airport runway. As much as it might have felt like it, we hadn't just survived an emergency landing; this was routine procedure. For me, it was just one more day on the road, running around the world chasing down the lowest-priced pair of athletic pants for a major American brand. In a lengthy career that has taken me through war zones and earthquakes, factory fires and civil protests, that landing in Honduras was a walk in the park.

It was early 2003, and I had been on a sourcing trip to Central America for one of the largest branded apparel groups in the world — with annual sales at the time of more than \$US 4.5 billion. Few people would have recognized my employers, bakery giant Sara Lee Corporation of Chicago, Illinois, as the owner of the Hanes, Champion Athletics, Wonderbra and Playtex brands. Four years into my time with the company, I was an aggressive young manager with Sara Lee's Branded Apparel sourcing division responsible for coordinating logistics, production, pricing and quality at some two dozen contract manufacturing facilities scattered across Central America, Haiti and the Dominican Republic.

A few years earlier, brand procurement operations had gone global. And on more than one occasion during my six years with the firm's Canadian and U.S. business units between 1999 and 2005, I had had to convince suspicious immigration officers that no, Sara Lee did not source its cheesecakes from China and that, yes in fact, I really did need to plough through Honduras, Jordan, Egypt, Thailand and the Philippines in the space of a couple of weeks to ensure deliveries of critical garment shipments in support of our international expansion. The events of 9/11 didn't make the job any easier; tightened security for global logistics reached out to foreign ports of call, throwing many an overseas business traveler into a panic.

But why, exactly, would Hanes, one of America's largest and most respected home-grown manufacturers — with vertical operations and domestic partnerships that affected everything from garment sewing to the cotton fields — purposely seek to outsource its production needs from exotic locales so far away? Raw materials and cheap Southern labor had been plentiful for generations in the United States, even after the abolition of slavery on which the U.S. cotton trade had largely been built. Hadn't the 100-year-old textile giant been saving for the future or re-investing its profits in modern production methods, employee training and new machinery technologies at home? Weren't America's markets well protected by state politicians and robust legislation against the dumping of cheap foreign goods?

Hanes was founded in Winston-Salem, North Carolina, by John Wesley Hanes in 1901. In many respects, the history of the company is the history of the global apparel industry. In the later 20th century, organized American labor movements struggled against the perceived evil-doings of home-grown textile barons, but the international apparel industry had already survived for centuries by virtue of its mobility and ingenuity. The industry had followed in the footsteps of the 16th-century spread of mercantilism across the globe and then expanded with European colonization, while driving ever-greater levels of commerce between East and West.

The history surrounding Hanes' global expansion and how it related to the state of the global apparel trade is both simple and complex. A good starting point would be to examine, as we will, the historical foundations of modern apparel and textile trades along with the

political and economic events that led to their rapid, international growth — from the development of European wool markets to the outbreak of global war in the early 20th century.

Arguably, consumer demand for items associated with the wealthy and famous has helped drive the creation of global markets for fashion goods and their facsimiles; arguably, because the evolution of marketing sciences and the increasing importance of mass media throughout the 19th and 20th centuries have played an integral part in nurturing, some would say manipulating, consumer desire. Meanwhile entrepreneurs, investment capital and artisans have each taken their turns by pursuing their own means of satisfying market demand — often blind to or ignorant of the long-term, hidden costs of their supply chain impacts and manufacturing methods. Each party endeavors to compete on those points they are best able to leverage; aesthetics, convenience, quality and cost have always been the most important measures for the purchasing public, so each of these offer possible points of competitive advantage. The offshoring of manufactured goods production has been one of the solutions used to ensure a profitable enterprise. As we shall see, though, modern-day divisions of labor and the internationalization of production have not been a wholly recent phenomenon; it is, rather, a centuries-old cycle once again repeating itself.

I have yet to meet anyone in the industry who has purposefully set out to do harm to others or the environment, and I am sure that none of the well-known *maison de couture* across Europe's fashion capitals or trend gurus in New York has set out to perpetuate the toxic pollution of our planet by way of carcinogenic dyestuffs or agricultural dependence on petrochemical fertilizers, which are staple inputs of worldwide cotton farming. But they do, in fact, do so, however indirect many designers and creative directors may feel the connection to be. There is a long but direct line of sight from the catwalks of Paris, Milan and Manhattan to the local neighborhood shops of fast-fashion retailers, and it is growing shorter every season. High fashion labels certainly may charge more for access to their designs and cachet, but many of their garments are manufactured at the same facilities as fast-fashion brands, and thus the big labels face the same social, community and environmental impact challenges as do fast-fashion brands.

Across the vast majority of the planet, the past two decades have seen a transformation in technology and communications — well-known drivers of global trade and business. Only the most remote reaches of civilization remain ignorant of the tsunami of information that mass media and the Internet age have washed over us. It is a very simple act today, for example, to snap a smartphone pic of the latest window display at Coach's 9,400-square foot flagship boutique on Queen's Road in Hong Kong and then forward it to an unaudited, clandestine handbag factory in the Jiangsu province of China — where the bags can be copied, assembled and shipped to global markets. The technology is a good deal more complex, though, when you are trying to plan retail inventory in a virtual, web-based manufacturing environment across thousands of developing country factories while, at the same time, attempting to ensure all the facilities involved are free of negative social, community and environmental ills.

These two brief examples touch on the extremes of new technology applications that have transformed multinational retailers and brands into on-demand manufacturers, indirectly owning production commitments to thousands of third-party facilities scattered across the globe, all in a drive to maximize company profitability by gaining the most competitive *first cost* possible (the direct price that buyers or their agents negotiate from a factory's loading dock).

The speed with which original, creative ideas or designs can be copied or communicated is breathtaking. Multinational operators such as Spain's Inditex group (owners of the Zara retail organization and a half-dozen other brand holdings) have built their business and manufacturing models around the frenetic pace of media-driven trend adaption. But much of the fast-fashion model depends on expedited logistics and air shipping of finished goods and materials between manufacturing facilities and suppliers, adding significantly to already carbon- and water-intensive product footprints.

Moving from actual, owned production toward virtual or outsourced manufacturing is only one model — albeit the now-predominant one — being followed by global brands. Gaining a deeper understanding of the business models and supply chain paths for mass fashion will help us to measure the impacts of our buying choices or, at the very least, will raise our awareness past the point of an ability to claim ignorance.

At the macro level, most brands have two basic choices: they can either make their goods themselves or they can buy their goods from others. The “Make or Buy” question becomes a key strategic choice. Both scenarios have a subset of options that we will explore further in the chapter dealing with business models, but they essentially come down to either those companies that are primarily marketing driven, that is, a company selling the image or aspirations of its products without any previous tie to the history and pride of product found at self-owned manufacturing firms, and those that still own to some degree their manufacturing facilities. Companies that still make their own goods (or did at one time) have a strong leg up on competitors because their technical knowledge, manufacturing DNA and deep understanding of engineering practices allow them to better deconstruct the true costs of doing business. But some retailers find this a burden, preferring their buyers not to negotiate from a place of real knowledge or awareness; they prefer the ignorance that allows buyers to focus purely on achieving better pricing than competitors, thereby adding unsustainable costing practices to the menu of social and environmental ones.

I have been very fortunate to have gained experience with both types of organizations through hands-on practice in functional roles across the entire product lifecycle of a garment and have learned from deep-knowledge experts how each step in the process presents its own set of challenges. For example, during the initial creative concept and technical design phases, many early decisions dealing with materials selection and assembly processes can be made (or put off) that result in later-stage social and environmental fallout. The management of pre-production planning and shipments to multiple factories of components such as yarns, fabrics, price tags, buttons and packaging is a critical, cost-driven stage of the product lifecycle, and it warrants understanding as well. The total number of people and processes involved in making and delivering a simple garment from an initial designer’s sketch to the rack at the mall is truly astounding (as many carbon footprinting consultants have found while trying to map the environmental impacts of the apparel industry). The great majority of brands unfortunately, have still gathered little information or dedicated few resources to understanding their own supply chains’ repercussions.

Once through the actual stages of sewing and quality inspections, garments make their way to us by international air or ocean shipments that can often only gain entrance to export markets under special bilateral or multilateral trade agreements. The management of and planning for access under these types of deals have generally fallen to sourcing and supply chain teams, and this is where I have spent a good deal of my career. But owned outright or not, most leading brands these days do take a significant amount of ownership of the production process, and many retailers often find themselves narrowly removed from becoming the *de facto* owners of their key vendor-partner facilities.

I use this term “vendor-partner” carefully, especially when it comes to talking about the thorny topics of a factory’s social, safety and environmental accountability — the manufacturing-specific offshoots of the greater corporate social responsibility movement that has evolved over the past 30 years. It is unfortunate to note that too few of the brands and retailers I have worked with seem to effectively approach meaningful, collaborative partnerships with their suppliers as part of their core business strategy. Behind the lip service paid to collaboration, confrontation, strong-arm pricing practices and a lack of trust are too often the norms of buyer-supplier relationships in the retail world. As a result, the general attitude of “I am the buyer and I hold the power” often spills over into efforts at enforcing responsible business practices, negating any real progress from being achieved.

Meanwhile, a multi-billion dollar industry of accountability consultants and service providers, legitimate and not so legitimate, has grown up around the controversial issues of labor and human rights, ethical trade and environmental management. An entire alphabet soup of acronyms has been created by industry bodies, nonprofit groups and organized labor movements aimed at tackling the issues of worker’s rights, overtime hours and pay, child and forced labor, workplace discrimination, gender equity and other contentious topics head-on. As we shall see in Chapter 3, titled “Alphabet Soup,” WRAP, ETI, BSCI, BSR, SEDEX, FLA, and SAI, among other groups, have all developed, adopted or supported to one degree or another a host of principles, codes of conduct and performance standards for measuring a factory’s adherence to or ignorance of labor, health, safety, human rights and environmental laws. In many cases, brands and retailers are

all too aware that they are sourcing from factories that break these or local laws; factories may feel that they have to, in order to meet the aggressive pricing pushed upon them. The game is to keep the process moving, pushing shipments and cost benefits along while incremental improvements in factory performance are pursued.

Generally speaking, the environmental regulations and labor laws on the books in developing countries hold up quite well to the scrutiny of international observers. Often, these robust regulatory frameworks have been a requirement for developing countries to gain access to Western markets through so-called Free Trade agreements or to take full advantage of multilateral trade rules. But the gaps that exist between paper laws and their practical implementation can range from minimal to extraordinary, depending on the country in question. One only has to look closely at the issues at the heart of the 2013 Rana Plaza tragedy in Bangladesh, in which more than 1,100 people lost their lives, to understand the stark costs in human suffering caused by such failures. The collapse of the multi-story building housing numerous apparel factories was due primarily to shoddy construction standards and exacerbated by an inefficient inspection bureau, a culture of corruption, and a lack of training in firefighting and emergency evacuation techniques. The response of some local industry leaders has been that if the regulatory standards actually had to be met, then how could Bangladesh continue to be cost competitive against rivals in Cambodia, Haiti, East Africa and the Middle East? As up-and-comers saddled with a host of developing country problems, the logic goes, rapidly rising economies should be given leeway to ease their industries into global markets. Perhaps, then, Myanmar or even Cuba will be the next low-cost destinations for the industry as trade agreements write in social and labor standards knowing they will be set aside in support of development goals. But this argument is a house built of cards, a fabrication of global trade policies driving the well-known race-to-the-bottom approach of neoliberal economics, and this remains true for dozens of countries far beyond Bangladesh.

To be sure, important achievements have been realized over the past 20 years; growing numbers of brands and retailers — under pressure from activist shareholders, organized labor, consumer pressure groups, NGOs and the media — have reached down through their

supply chains to try and ensure the use of decently managed factories. For many, however, this has meant a cookie-cutter, checklist approach to one-off, annual factory audits and corporate codes of conduct that do little to change factory practices. Focused as they are on costs and stripped of engineering competencies, many buying groups have avoided deeper involvement in a supplier's social, safety and environmental practices, let alone taken on capacity building, employee training, supply chain transparency or collaborative re-invention of the demand production model.

Thankfully, there are industry outliers, companies driven by engaged, ethical professionals from the very top of the organizational chart. In later chapters, we will look at the practices of some of the most responsive brands and the people behind them to identify concrete examples of a better and still profitable way to do business both on and offshore. Profiles of industry efforts such as the Better Cotton Initiative and the Responsible Sourcing Network highlight robust, collaborative actions that engage critical members of the supply chain and promote sustainable change. These are but two examples of industry and stakeholder leaders willing to break new ground while contributing funding and expertise to meaningful alternatives in the way fashion apparel businesses operate.

When it comes to examining the CSR (corporate social responsibility) and public relations communications of some branded apparel groups, the same general market trends seen across all consumer products are evident. A considerable amount of green-washing is involved, as marketing hype often replaces real investments and hands-on efforts in production countries. Deciphering the sometimes confusing messages can be a challenge for consumers, especially because supposedly commonsense trends like the benefits of organic materials can be shown to be misleading or not quite as responsible as we might first believe. Like all things labeled "environmental," some understanding of the chemistry and biology behind both natural and synthetic textile products is needed to gain a grasp of the facts. Surprising to many consumers and NGOs alike, textile and apparel firms have often excelled at sustainably and safely managing the chemistry. We don't need to look any further than iconic sportswear brands Nike and Adidas to understand how significant such innovation can be both in building

a leadership organization and in driving responsible manufacturing practices down to the factory level. Their work in the continuous reduction of hazardous chemicals and volatile organic compounds from their products, the recycling of production waste into after-use, extended-life products, and the enviro-engineering of new product lines from early concept and design stages fully supports the premise that doing good can also be good for business.

Leaving benchmarks such as these aside, the choices for most of us when we buy or use any given consumer product are still more often than not driven by its cost, the perceived quality or style that a given brand name may extend, and a purchasing convenience that matches our hectic, modern lifestyles. If forced to consider the question, I don't believe that anyone would knowingly seek out clothing made in sweatshop conditions, or in a factory that uses child labor, or that has been processed by a facility discharging its toxic waste into nearby water systems, or one failing to pay its employees for the full average 65-hour work week that is currently standard for offshore apparel manufacturing. But we are often left to make choices that both reinforce and perpetuate the worst excesses of our disposable culture. As I have often commented when asked for an opinion about public attitudes, it is not that people *don't care*; but people often do not care *to know*.

From early 1995, when I first hit the ground running in Mexico City, charged with opening the first Americas sourcing office on behalf of Wal-Mart stores at the outset of the North American Free Trade Agreement (NAFTA), until 2010, when I returned home to Canada from China some 15 years later, I clocked hundreds of thousands of miles traveling by planes, trains and automobiles (with the occasional *burro* and oxcart thrown in for good measure). I traveled across 32 countries, spanning every continent on the planet save Antarctica — all in the service of multinational brands and retailers keen to gain a competitive price advantage over their rivals by direct sourcing from factories in the developing world. To say that I have an understanding wife and resilient, adaptable children would be a gross understatement! By the time our eldest son had celebrated his eighth birthday in China, he had lived in five countries in North America, Latin America and Asia, picking up three languages along the way. A career in this industry certainly comes with its own advantages, both personal and

professional, and for me the opportunity to gain a firsthand look into the globalization of manufacturing has proven both rewarding and challenging.

If this book has one goal above all others it is this: to firmly place the burden of knowledge foremost in our minds the next time we head off to the mall for a little retail therapy. Our decisions do matter; they affect the lives of real people and our planet in very real ways. And, as new social business models and trends toward localized, high-value apparel and the greater reuse of secondhand fashions begin to take hold, we should be aware of the ethical consequences of what, where and how we buy.

Vote your values with your wallet, and business *will* follow your lead. The power *is* in our hands, not as consumers, those faceless units of economic consumption, but as individuals seeking connections to the people, the communities and materials imbedded in our apparel. It will take the actions of us all in order to truly fix fashion.