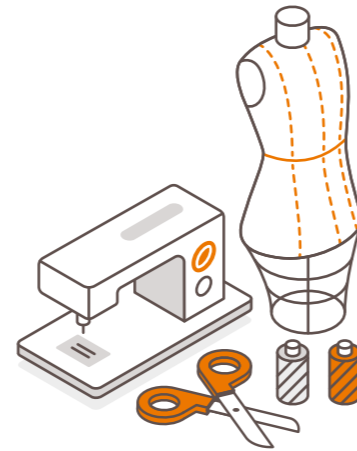




2018 REPORT

The State of Skills in the Apparel Industry



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Foreword

Over the years, Alvanon has become both “the keeper of secrets and father confessor of the fashion industry”: in our open and trusted conversations with partners and clients, certain skill issues have been surfacing time and time again. The last generation of people who possess hands-on experience in factories and deep industry knowledge are now between 55 to 75 years old. There is only a small window of time left to harness and encapsulate some of that experience into learning journeys for both corporates and individuals. Failing to act within that window will result in the generalisation of poor market practices, as well as a pattern of ill-informed decisions with unanticipated impact on other people in the supply chain. Meanwhile, like in every other industry, organisations throughout the apparel sector are currently prompted to assess the actual skills readiness of their workforce in light of disruption brought by digital transformation.

Bridging the apparel industry skills gap has thus felt like a natural call and the next necessary step for Alvanon. We believe that with the breadth and depth of our connections within the industry and our agnostic philosophy we are uniquely placed to spearhead this endeavour. It also aligns with the values of curiosity, innovation and



the problem-solving mindset that we are recognised for and have demonstrated through the expertise and engagement of our people. The availability of the technology combined with the acuteness of the need brought the MOTIF e-learning platform to life at the end of 2017. Its mission is to curate, organise and fuel apparel industry knowledge and best practises.

To tackle a problem, you need at first to acknowledge it without ambiguity or bias. This is the value of running a rigorously conducted survey and the benefit of sharing its insights with the whole industry community: it establishes the plain facts, levels the understanding field and can trigger a much-needed healthy conversation on potential solutions. Improving the apparel industry by upping its skills is, ultimately, a collective responsibility shared between all players in the value chain and the individual professionals themselves. We begin the first step by bringing you these results.

Janice Wang
CEO, Alvanon



Lifelong Learning is now becoming a critical part of the Future of Work. This is certainly a hot topic across all industries, and just as relevant for ours. The new workplace demands an evolving set of skills on top of a sound understanding of industry fundamentals; all companies are faced with the challenge of how to nurture and develop these skills in their employees. Increasingly, the next generation is also demanding opportunities for continuous professional development and this is becoming the criteria for whether they stay within a firm. What’s more important is that as learning needs change so does the way we learn. Today’s modern learner is time poor and requires learning that is mobile, flexible and on demand.

The companies that see the highest ROI on their training will be those that infuse learning into their employees’ jobs that is engaging, immediately relevant, measurable and productive. In order to achieve this, companies will have to establish a clear strategy for their workforce skills development and align the right mix of training resources, internal and external, to reach their onboarding and continuous learning goals. Choosing the best professional learning partner, not just from a content quality perspective, but also from a rewarding individual learning experience, will be critical to success.

Eight months ago, Alvanon and MOTIF set out to validate whether industry executives and employees felt there was a growing skills gap in our industry and to gauge the importance placed on lifelong learning. We launched our first State of the Industry Skills survey in the Fall and are pleased to bring you the results in this inaugural report.

This initiative could not have come to fruition without the support of Alvanon’s executive team, and a huge thank you goes out to the amazing list of local, regional and global industry organisations and companies who supported our research through distributing the survey to their members. The unanimous pledge of support confirmed a growing worldwide interest in this topic.

Catherine Cole
Executive Director, MOTIF

Organisations across the apparel industry are facing a rapidly changing context for skills training

Executive Summary

We are witnessing a rapid shift in the apparel industry — as consumer desires continue to change and become more sophisticated, retailers are coming under increased pressure. This is challenging companies to deliver product faster, cheaper and through more transparent and sustainable supply chains.

At the same time, our entry into the fourth industrial revolution is disrupting the business landscape—big data, advanced analytics, automation and machine learning are set to dramatically change how apparel businesses operate.

All of these shifts are requiring a radical evolution of the workforce. Consequently, organisations across the apparel industry are facing a rapidly changing context for skills training and the development of their workforce.

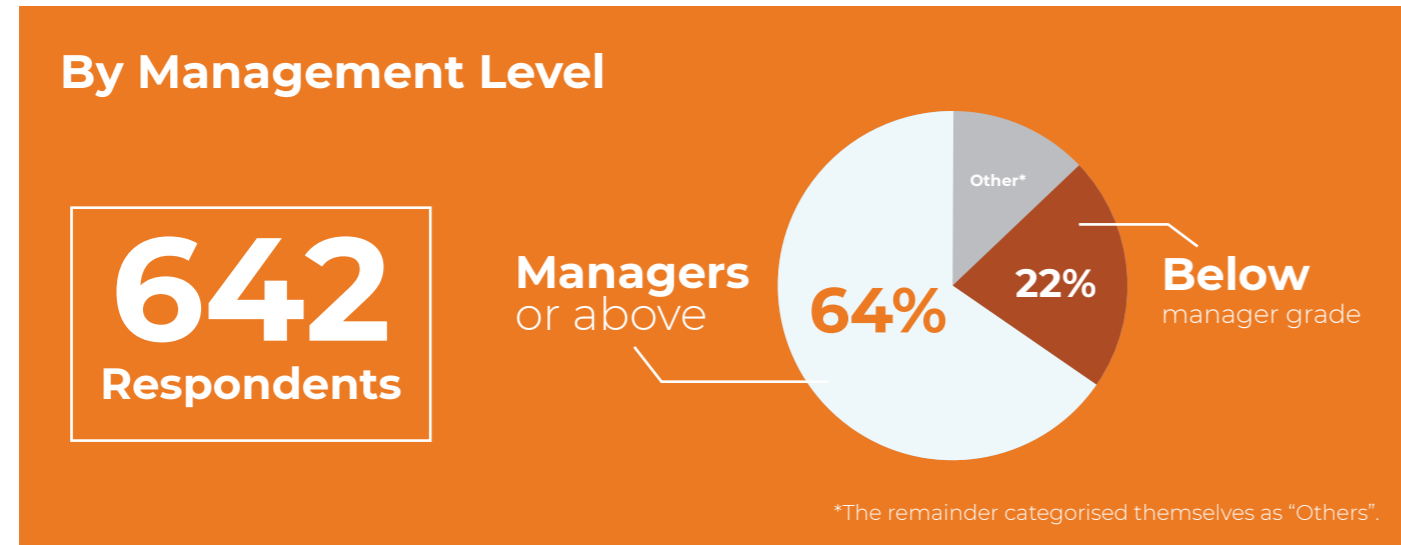
What steps are companies taking to ensure their workforce is fit for the future?

We conducted our first global survey in autumn 2017 to understand the current sentiment around industry skills, to identify whether there is a gap and if there is one, what employers in the apparel industry are doing about it. We surveyed executives, HR leaders, industry practitioners and employees across the value chain.

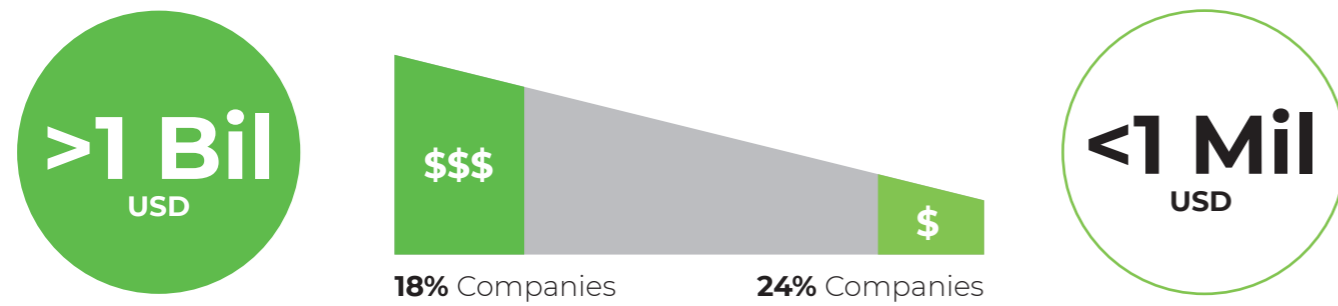
We found that while businesses in other industries are concerned about the rise of automation and the technological displacement of workers, in our industry, there is more of a concern about the perceived shortage of technical skills. Training is happening within companies, but it's not enough to keep up with the lack of skilled workers and there are high dissatisfaction rates with the content and modes of training provided. Furthermore, even with overall concern, investment does not reflect the level of worry shown.



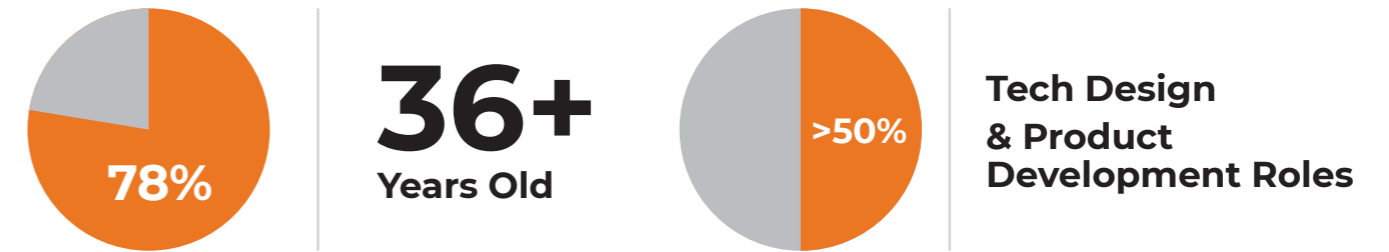
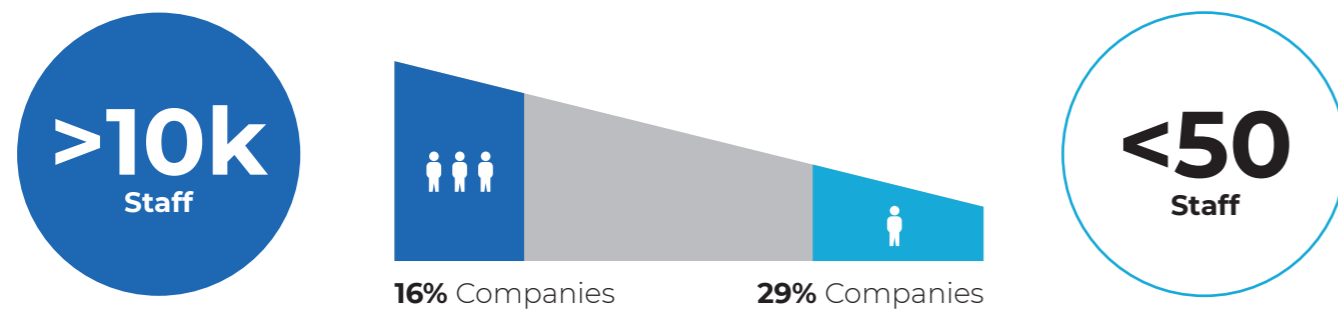
Respondent Demographics



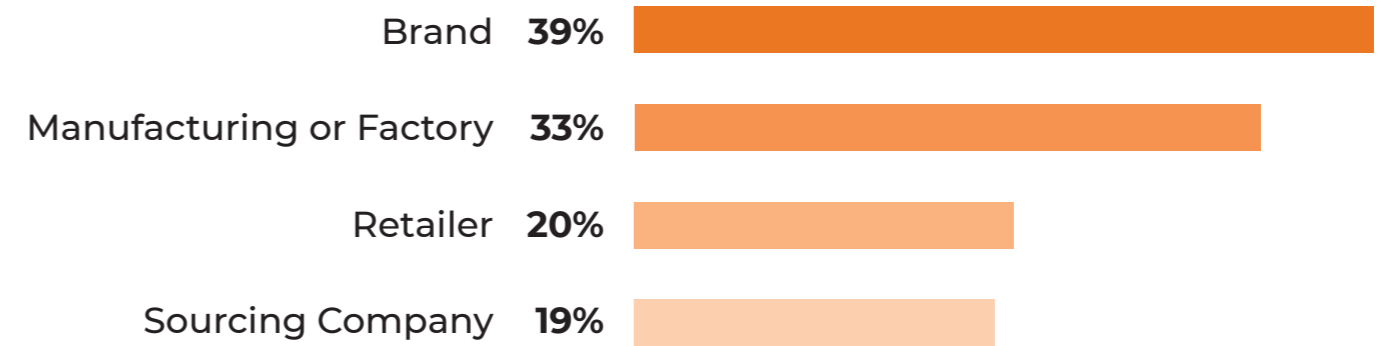
By Company Revenue



By Company Size

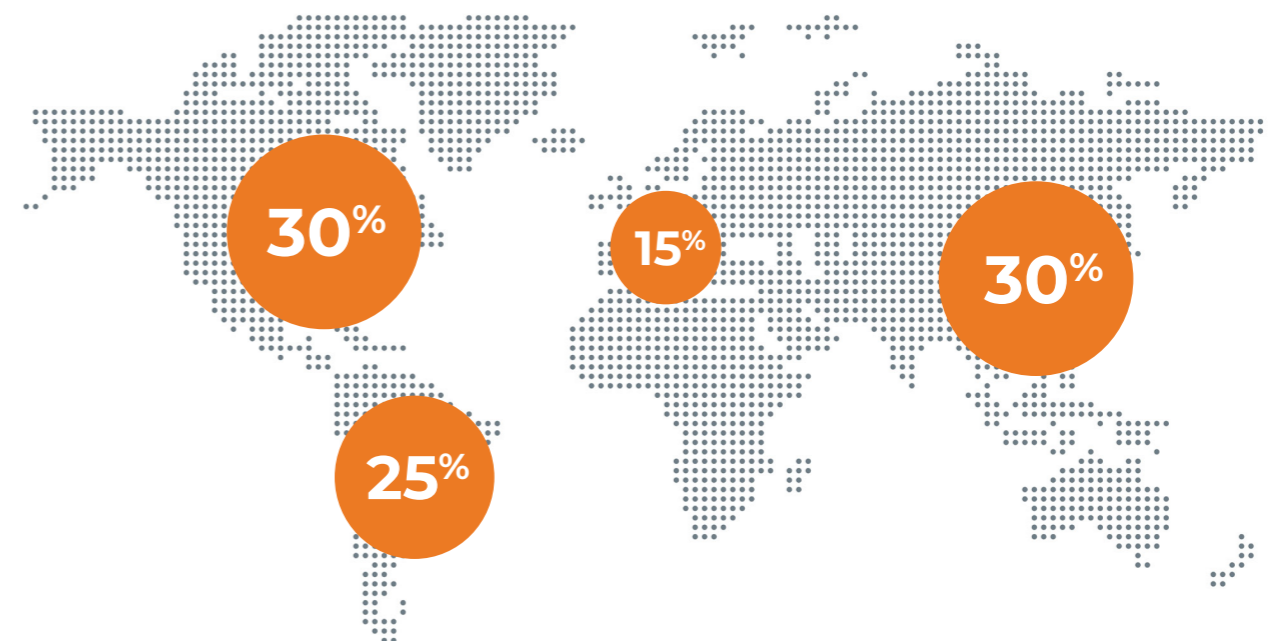


By Company Type†



†Respondents could select more than one category.

By Geography



Reinventing the Fashion Industry

With estimates that the fashion industry is set to change more in the next 10 years than in the past 40, the new fashion landscape is going to require its workers to have new competencies.

Across the board, executives globally rank “reinventing careers and learning” as the second most critical business issue behind going digital, with 83% saying it is urgent (Deloitte Human Capital Trends 2017).

Staff are also taking education into their own hands, with the emerging popularity of digital bootcamps that are designed to help upskill individuals for new roles. Organisations like General Assembly, Lynda or Coursera look to bridge the gap between training and corporate needs.

Our survey found that like other sectors, the apparel industry sees learning as a critical business concern, however only 73% of business leaders rank employee learning as a key business issue indicating we may be lagging behind.

Yet, when you speak to apparel industry executives on a one-to-one basis, the challenges around underinvestment in employee learning emerge in a different way. Hong Kong Research Institute of Textiles and Apparel (HKRITA) CEO Edwin Keh says of the issues faced by the industry: “Every buying office or trading company I talk to, I ask ‘what is your biggest challenge’ and the answer is mostly around people and skills.”

As digitalisation takes place across the supply chain, staff need to contend with new skills—from understanding big-data facilitated buying and merchandising, to 3D design, to automation, through to new, more collaborative ways of managing product life cycles.

Industry associations, as well as companies, are starting to take notice, as Matthijs Criete, Secretary General of the International Apparel Federation says: “The faster the industry changes, the more important it is to have the right training available for all working in fashion. So it is super important now and we need more of it.”

73%
say that employee
learning and skills
development is a
key business issue



“We are in a war for talent.

Not as many candidates

have the specialised

skill set for the job.”

Creating a Workforce Fit for Purpose

It's not just emerging technology that is challenging the industry to upskill current employees; the aging workforce and attraction of young talent into it is another pressing issue.

According to the survey, one of the biggest complaints from brands and vendors is that they are having trouble hiring people with the right skills, with 62% saying they are struggling to fill certain positions.

Some businesses are likening hiring to a battle, with Sarah McConnell-Haynes, sourcing manager at childrenswear retailer Carter's saying: “We are in a war for talent. Not as many candidates have the specialised skill set for the job.”

In this survey, 78% of respondents are over the age of 36, while the remainder could be classified as millennials (22%). However, globally speaking, millennials account for some 35% of the workforce and will account for 75% of the workforce by 2025.

Apparel businesses need to do more work to ensure that younger people see the apparel industry as an attractive place to focus their careers.

This was a concern highlighted by many of those surveyed, with 38% of respondents regarding retiring staff as a key issue.

Speaking at Texprocess Americas Symposium in May 2018, Henderson Sewing Machine CEO Frank Henderson said: “Our biggest challenge is the retirement of the Baby Boomer generation. Production goes down as manufacturers lose their experts. The really big problem is the loss of knowledge when people leave.”

Reasons for Training

Training is not just a means of ensuring people stay up to date with current skills; it is a means of retaining and attracting the best and most ambitious staff. According to the 2018 LinkedIn Learning Workplace Learning Report, 94% of employees say they would stay at a company longer if it invested in their career development.

Some 91% of managers see training as important for the professional development of their employees, while 88% of those surveyed said it was important for maintaining job satisfaction.

There are concerns that graduates are not fit for work; respondents said that academics aren't up to date with what is really happening in the supply chain and universities and schools aren't graduating individuals with the right skill sets.

This is particularly evident in the lingerie industry, which requires more expertise due to its complicated construction. Intimates manufacturing company Clover Group CEO Angie Lau says: "There is a huge gap between what our employees learn in school and what real life is like in the factory."

Importance of Training from a Managerial Perspective

- 94%** Maintain continuous learning
- 94%** Stay relevant in company or industry
- 91%** Advance career development
- 88%** Increase job satisfaction
- 86%** Move cross-functional teams
- 63%** Provide certification for report/advisor
- 54%** Obtain certification

“There is a huge gap between what our employees learn in school & what real life is like in the factory.”





State of Training

Many apparel businesses don't know what the learning challenges they face are, with very few having a thorough understanding of their current skill gaps. Only 16% of managers surveyed in the apparel industry say their companies have undertaken skill assessments of their whole workforce.

Once in work, only 49% of managers, and 50% of employees said they had taken some sort of company sponsored training over the past 12 months, while only one-third work for companies that use a Learning Management System.



managers say their companies have done **skill assessments** of their whole workforce



employees work at companies that use a **Learning Management System**



employees have taken some sort of company **sponsored training** over the past 12 months

People are largely unhappy with the training being provided. Less than half were satisfied with the current training, and 30% were actively dissatisfied. Non-managers were also unhappy, with 24% either extremely dissatisfied or unsatisfied.

Why is this? Respondents said that the primary reasons for dissatisfaction are the time required and relevancy of content.

Only **42% managers** and **34% non-managers** are satisfied with current training



When interviewed in person, product development managers overwhelmingly cited a need for more apparel-industry specific best practices and case studies: for instance, “how to run the perfect buying trip”, “how to manage fit problems” or “project management when speed-to-market is critical”.

Over half the respondents were concerned about the lack of training and development opportunities, which is likely to have implications for staff progression and retention.

Primary Reasons for Dissatisfaction:

1. Time required
2. Relevancy of content
3. Quality of content



The Need for Increased Investment

There is an awareness of a need for more training, yet budgets aren't matching this with increased investment. Fewer than 30% of those surveyed have seen their budgets increase in the last two years, and over 70% think that more investment is required. Additionally, only 38% see a planned increase in investment in training over the next two years.

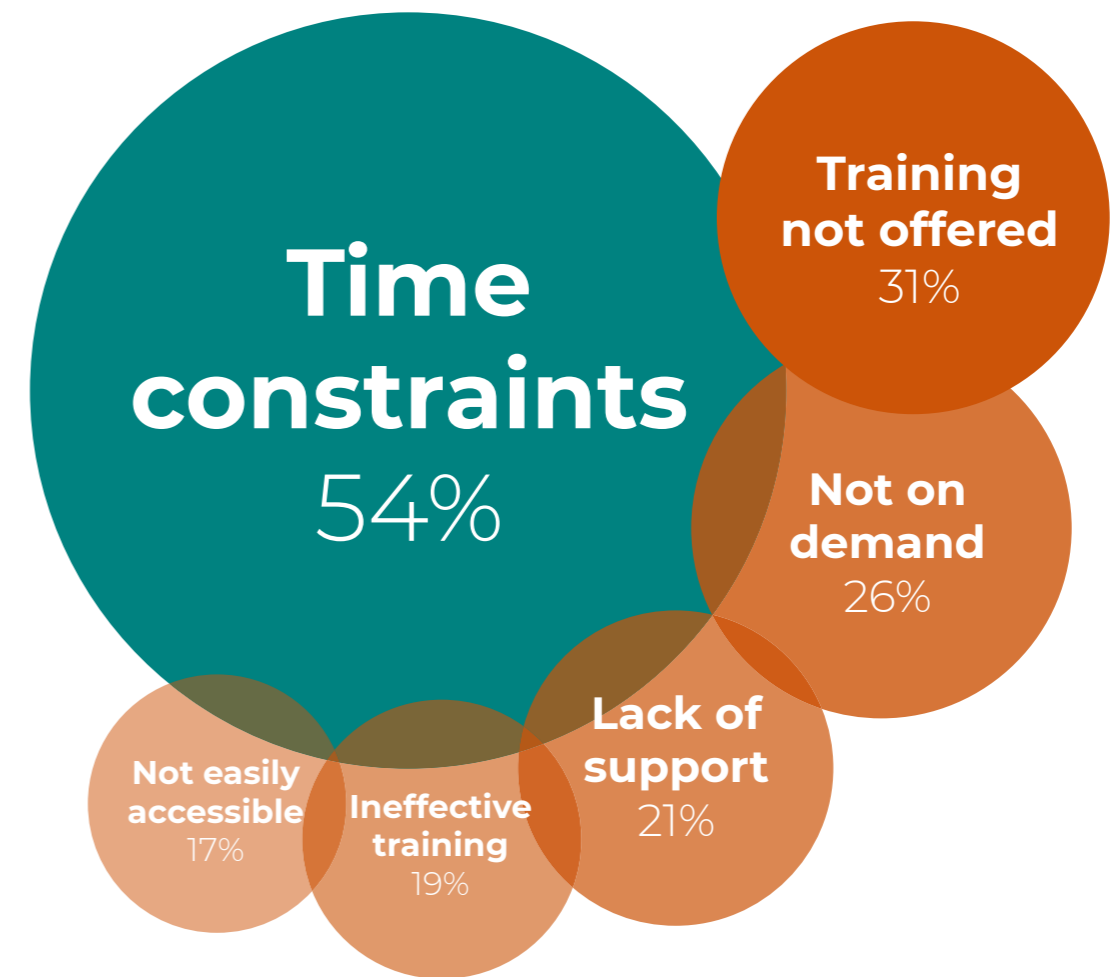
For many businesses, the lack of a clear method for measuring the effectiveness of training may be holding them back—while 38% look at employee satisfaction, 36% look at increases in productivity and 24% at KPIs. This suggests that there is no consistent way of measuring the success of training, and thus no way to justify further investment.

Only **30%** have seen their budget increase, but over **70%** think more investment is needed



Training Barriers

The key challenges to driving increased training investment are time and budget constraints for business leaders. For employees, time, lack of training opportunities and management support are the biggest challenges.

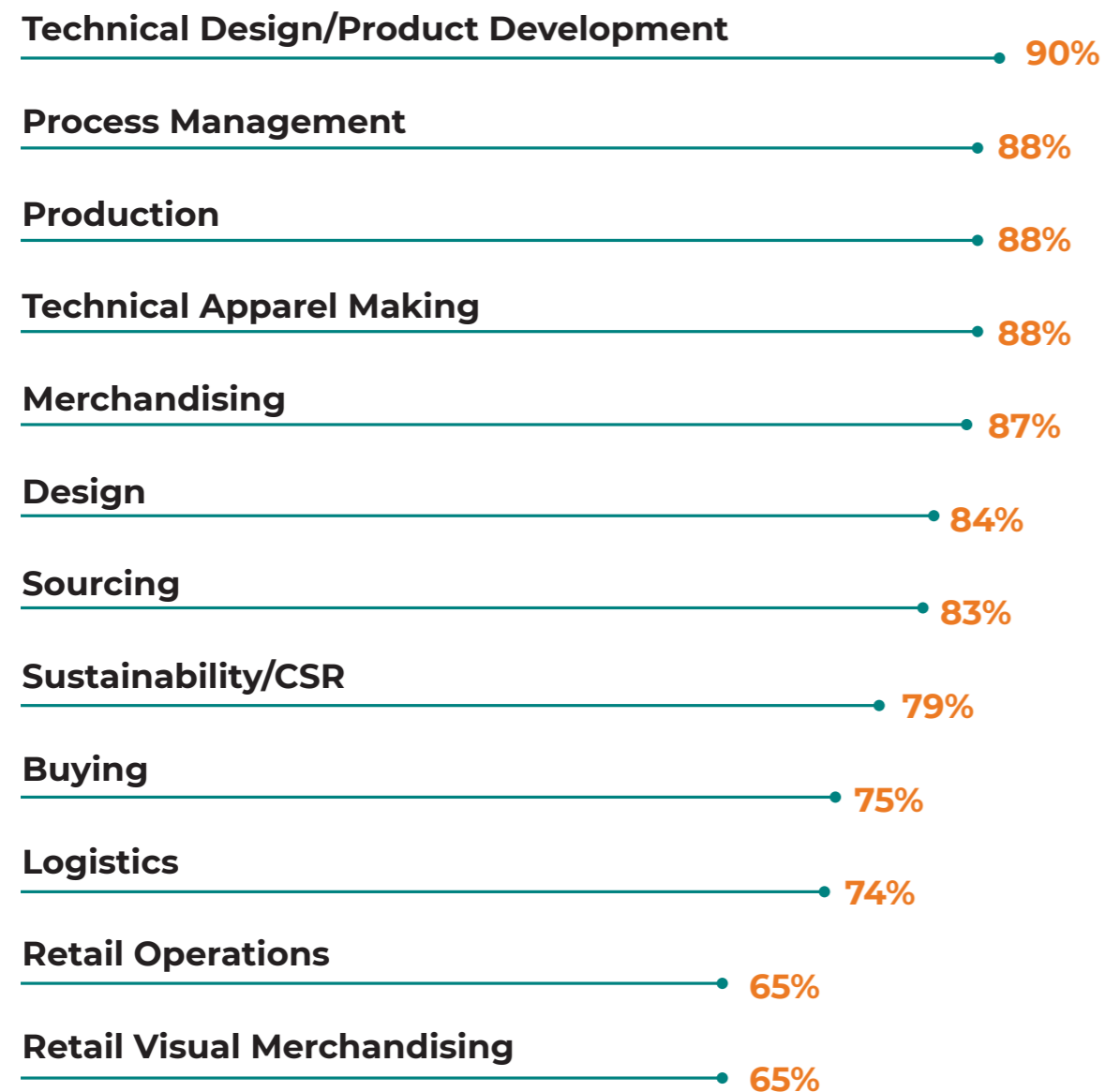


Managers and employees don't know how to implement training within their daily jobs. This means training solutions need to fit into a busy workplace and be simple for managers to encourage. Managers play a significant role in helping to facilitate training. According to the 2018 LinkedIn Learning Workplace Learning Report, 56% of employees would spend more time learning if their manager directed them to complete a specific course in order to gain or improve their skills.

When asked as part of the Alvanon survey what types of training were provided compared to what was needed, more respondents selected technical training versus management or soft skills. Beyond apparel, there is a broader focus at the moment on improving leadership or soft skills—improving competencies around communication and collaboration. The apparel industry has different needs, with a demand for more technical training.

Training Needs by Area

Some functional areas require more ongoing training, with technical design and product development ranking the highest. This is followed by technical apparel making, quality control, production and process management. Retail operations and visual merchandising ranked the lowest.



As the pace of change continues to accelerate in the apparel industry, there is going to be an increased need for new skill sets and expertise to apply them in the new world. Changing technology is going to be a key driver in this as innovations like Cobots—robots that facilitate human working—emerge, people will need to understand how to operate them. Businesses must prepare their workforces for a future of Sewbots—Li & Fung’s new robotics system that automates the sewing process requires only one employee to man an entire production line and can produce a t-shirt in just 22 seconds.

In many markets, a lot of skills have been outsourced to cheaper labour countries over the past 15-20 years. Brands are looking to ramp up on-shoring as they face new challenges around trade rules, currency fluctuations and speed to market. At the same time, technology advances are likely to mean fewer workers and lower wage bills. This means that there is a pressing need to train new talent into local industry in order to restore what many view as dying skills. This is a particularly urgent challenge for specialised skills like bra-making, hosiery and pattern making.

Mala Brindisi, Spanx COO, spoke at Texprocess Americas Symposium 2018 about the business’ difficulty finding product development talent that understands hosiery and bras. She emphasised that the acute lack of these very specialised skill sets is compounded when the factories the businesses work with also have a similar skill gap. To rectify this, the brand decided to own the hosiery engineering skill set by hiring a key engineer.

However, Brindisi stressed the challenges that the brand will face when the time comes for this person to leave the business: “My issue is there isn’t anyone being trained behind him...and there isn’t necessarily technology replacing his capabilities. One person who has the skill set is bridging the gap for now. But we are grappling with how to succeed him or how to evolve our products to transfer his knowledge to up and coming technical designers.”

For businesses struggling with employees fearful of change and what 3D design and technology would mean for their jobs, training will help these employees feel confident that their employers see a future with them in it. Speaking at PI Apparel Hong Kong in April 2018, Target’s VP of product development, Alex Kantor, said: “How do we tell a new story? We owe it to be inspiring to the people sitting in front of us worried about their jobs,” adding, “it’s about engaging your workforce today and giving them the skills they need”.

“We are grappling with how to succeed him or how to evolve our products to transfer his knowledge to up and coming technical designers.”



The imperatives for businesses now include figuring out how to engage employees and provide professional development, or risk losing them.

Conclusion

For apparel businesses, the accelerating pace of change has been all-consuming—from competing with fast fashion, to facing pressure as retailers close brick and mortar stores, the focus has been firmly on the short-term strategies that will keep businesses thriving.

As the industry approaches the next industrial revolution, apparel businesses need to ensure that their workforces have the correct technical skills in order to remain relevant and fit for the future, particularly as the current workforce ages.

The imperatives for businesses now include figuring out how to engage employees and provide professional development, or risk losing them. As the war for talent continues, apparel businesses must make more of an effort to attract people back into roles that may have been perceived as unglamorous. There is now an opportunity for the apparel industry to rethink their supply chain talent and skills. Businesses have the opportunity to get ahead by rejuvenating traditional roles and ways of doing things, while also rethinking employee talent and HR management.

Supporting Organisations





Alvanon was founded in 2001 when it developed a unique and innovative data-driven approach to solving the challenges of sizing and fit inherent in the apparel industry. Since that time, it has evolved into a global company using the latest innovations and technologies to shape the future of fit. Advising the world's leading apparel organizations on how to align their internal teams, processes and supply chains; more intimately engage their existing and target customers; and innovate to optimize profitability and achieve their growth objectives. It has amassed a wealth of expertise across every key industry discipline including consumer analytics, concept and technical design, product development, manufacturing, quality, sourcing, planning, merchandising, distribution, marketing, e-commerce and professional development. Alvanon has attracted and nurtured top-tier data analysts, 3D modelers and apparel experts. The Group now operates in 89 countries and has evolved into an innovations company reinventing the way fashion works. It operates from its head office in New York, European headquarters in London, and Asia office in Hong Kong. Alvanon also has research, development and manufacturing facilities in Dongguan, China.

www.alvanon.com

MOTIF

MOTIF is the apparel knowledge hub that connects professionals around the world with the skills and industry expertise they need to transform their businesses, lives and careers. Created in 2017 by parent company Alvanon, MOTIF tackles the industry need for evolving skill sets and continuous professional development.

motif.org, launching in 2018, provides a unique online learning experience with education on important industry topics across the supply chain and training on fundamental, technical, business and creative skills. MOTIF is working with top industry practitioners from around the world, to develop world-class courses that can be accessed from anywhere, at anytime.

www.motif.org

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