

## THE HOSTAGE CRISIS IN FASHION

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The pressure on a CEO of a small to mid-size fashion company is enormous. With retail at a crawl and markdowns at record levels, streamlining and becoming more efficient are no longer just options—they are absolute necessities.

CEOs know exactly how most of their company's departments operate and can easily assess the performance and cost effectiveness of sales, design and production. However, what remains a mystery to many CEOs is how to assess the cost-efficiency of their technology and its support personnel. Historically, the lowest turnover in most fashion companies is in IT related areas. From order entry staff to programmers, these employees have managed to stay below the CEO's radar screen. What are also nearly invisible are their systems and the costs associated with running them.

In many cases, companies in business before 2000 are still using the same systems they implemented the day they opened their doors. Since those systems were designed long before the complexities of today's market demands, these inflexible systems have forced companies to integrate numerous sub-systems, just to keep up with some of today's requirements. There is nearly no thought to addressing what might happen tomorrow, even in this constantly changing global economy.

While companies are implementing four-day workweeks, salary reductions and layoffs to cut costs, CEOs must wake up to the reality that their current technology is holding them hostage in their efforts to streamline. While salespeople are facing job losses because their accounts are on credit hold, CFOs are forced to keep IT administrators and excess support staff just because nobody else knows their outdated systems.

CEOs haven't realized that over time their systems have gone from being a solution to being the problem. The costs associated with supporting these outdated systems have spiraled out of control leaving CEOs in the dark and relying on IT to advise them. The result is that companies are spending hundreds of thousands of dollars trying to make these archaic systems work—and they don't. At one meeting the Vice President of IT showed a schematic of twelve different systems being deployed, all of which were so highly customized that they could no longer be upgraded. In another case a CEO insisted he just bought a great system a few years ago and it does the job. In actuality, they bought it fourteen years ago and they are struggling; most are outside the system using Excel.

Much of the problem seems to be that IT staff has an expertise in the old systems and while they know change would be great, it would diminish their control and make them expendable. So, reports to the CEO claim that everything is running fine. Further, when asked by a CEO whether systems need replacing, an IT staff person entrenched in an old system will report back that their system does the job and that to change will mean spending an enormous amount of money, often adding the fear factor that the training curve will shut down operations during implementation.

While they may have been correct in the past, because traditional systems haven't changed much in twenty years, there is a new technology that changes the paradigm of these old rigid methodologies and allows a quick, smooth and cost effective transition. This new technology is faster, more flexible and needs less up-keep. This technology is Simparel.

What's troubling is that because IT staff fears that this new technology threatens job security, they have created a bunker mentality and are holding CEOs hostage by insisting that moving to new technology will be dangerous just because it is "new" and, by inference, "risky." However, the fact is, staying on old and or unsupported systems are the real risk.

What's perplexing is that most fashion companies started with innovative concepts. They were young upstarts appealing to visionary retailers to take a chance to be on the cutting edge. Now these companies are resisting innovation that could streamline their business, cut costs and enable them to evolve to meet the ever-changing demands of fashion.

CEOs must educate themselves about their technology and what's available today. What they'll realize is that they've allowed their old technology and the people supporting it to hold them hostage. Knowledgeable CEOs must stay on the cutting edge by taking back leadership of *all* their company's functions, especially the one that will make the biggest difference in streamlining for efficiency—technology.

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