Guest lecture: Herman Van de Velde

1. INTRO

* Maximize shareholder value
* Create value for all stakeholders
  + Customers, personnel, shareholders, suppliers, society

Company needs (every company different)

1. Physical level
2. Emotional level
3. Mental level
4. Spiritual level (how you can connect)

Leadership

**Main responsibilities**

1. Define strategy
2. Inspire
3. Continuity

**Qualities of good leadership**

Optimism, iintegrity, empathy, ambition, mildness, authenticity

**Three-dimensional perspective**

1. Length
2. Breadth
3. Depth

From craftsmanship to industrial production

1st Lady corsets with eye for quality

🡪 Distribution through retailers

2nd generation

🡪 Use of elastic materials, extension of assortment, retail in BE & NE

2. CHANGE VDV BUSINESS MODEL

* Fashion
* Marketing-driven
* Delocalization of production
* Cultural change
* Governance change

VdV design process

Design department

🡪 20 000 SKU’s, combi of fashion & fit

! Sometimes need to freeze project bc when making changes too late, risk of late delivery

Idea phase 🡪 Project phase 🡪 Production phase

**Idea phase**

* Master plan by Brand Manager: general theme, cuts & colours, price points, materials
* Development of concepts by stylists
  + Evalutation   
    = technical feasibility, innovation, profitability, market test & comfort/fit

**Project phase**

* Base design 🡪 Detail design
  + Strict timing
  + Teamwork
  + Freeze projects

Focus-strategy

* Lingerie
* Luxury price segment
* Brands instead of private labels   
  🡪 PL: at 1st they produced lingerie in names of other labels
* Distribution channel  
  = mostly specialized retailers & luxury department stores  
  ! Channel of independent retailers is shrinking in certain countries = PROBLEM

70% turnover = fashion

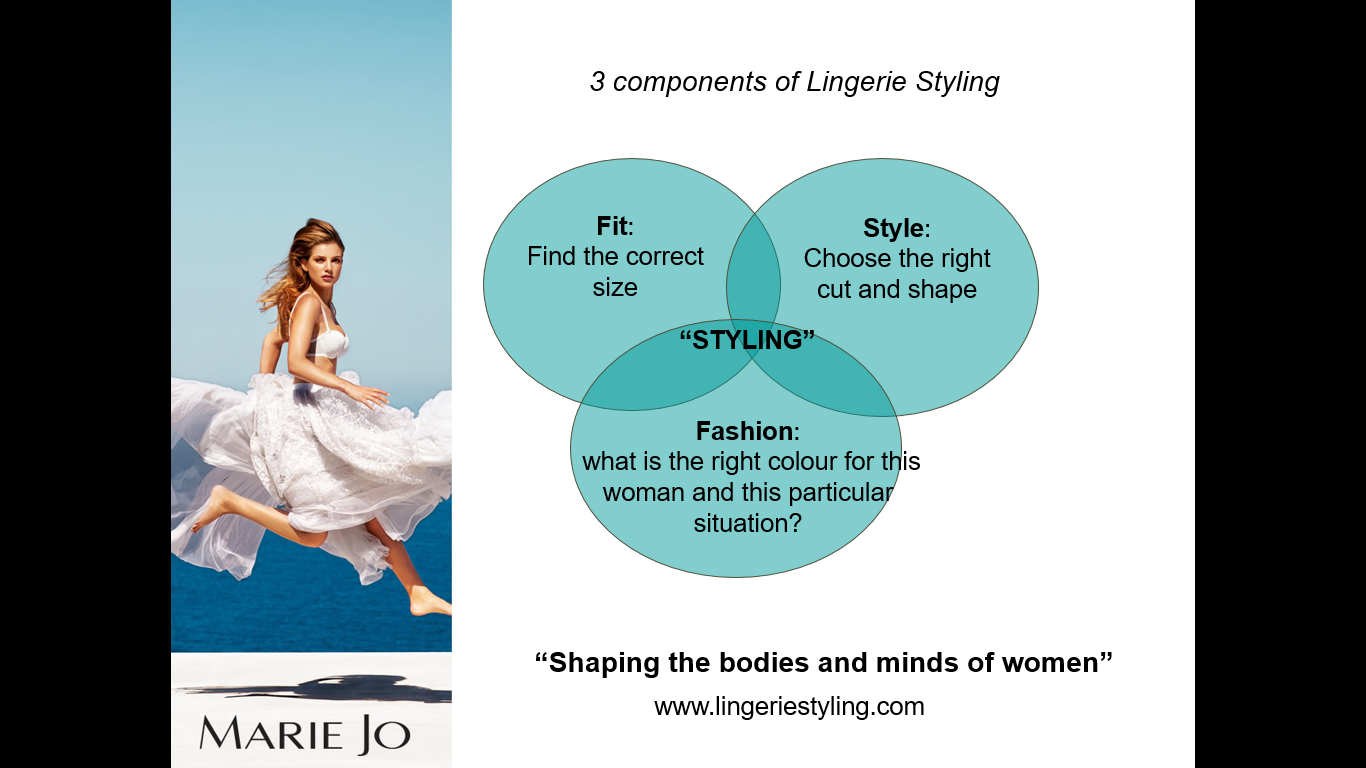
30% of turnover = never out of stock (basics)

🡪 Need to actualize strategy

1. Lingerie styling
2. Retail investments
3. Omni-channel strategy (online sales)  
   = consumers expect to interact with you across any channel, anytie, anywhere, seamlessly

Difficult because

**3 components of Lingerie styling**



Focus on 2 models

1. Brick and mortar centric model  
   = increasing marketing penetration in existing countries (real shops)
2. Digital centric model  
   = market expansion  
   = geographic expansion & new customer segments

🡪 With 2 layers

1. Physical
   1. Independent wholesalers
   2. Department stores
   3. Own, operated & franchise retail
   4. Flagship stores
   5. Home party
2. Digital
   1. Wholesale e-com
   2. Retail e-com
   3. E-tailers
   4. Brand websites

Delocalization

1. Centralization of core activities (in BE)
   1. Strategy & policy
   2. Purchases
   3. Design & quality control raw materials
   4. Cutting of fabric
   5. Core production Belgium
   6. Quality control & expedition
2. Delocalization of production  
   “made by MJ” not “made in Hong Kong”

**Relation with Top Form (Hong Kong)**

🡪 MJ main shareholder  
🡪They wanted to sell in USA, needed partner because else too high costs

🡪 1st very sceptical about delocalization BUT quality is identical all over the world!

Conditions

1. Detailed preparation of process
2. Strong local management
3. Strict compliance rules by headquarters

Social accountability label: SA 8000

Based on

1. ILO conventions
2. Universal declaration human rights
3. UN convention on the rights of the child

**9 Requirements**  
e.g. no child/forced labour, no discrimination, working hours, remuneration, health & safety,…

**Before: Taylorist organisation**

* Centralism, control, hierarchy
* Little room left for HR
* Piece work & specialization, repetitive work
* Traditional leadership

🡪 Very efficient, but extremely long lead times!

But changing environment: globalisation, fashion driven, difficulties to attract people

**Evolution towards: innovation driven organisation**

* Lowering brainline
* Teamwork & polyvalency
* Expanding job content (every stitcher 1 design, instead of 1 task)
* Stimulating initiative, enthusiasm & passion
* Different reward & compensation systems
* Coaching leadership

🡪 Less efficient (90’ instead of 30’) but after 90’ able to show! With taylor: weeks because of lead times!

3. How to create passion

1. Enlarging decision-making power
2. Sharing info/transperency
3. Honest feedback (quite fast)
4. Importance of good leadership
5. Formulating goals with passion

🡪 Employees need to see where they are part of

🡪 If info in press, personnel should always know it first

🡪 Long term ambitions of company create enthusiasm

Average company: 30% enthusiastic employees, 50% neutral, 20% negative

Excellent companies: > 60% enthusiastic employees