

THE EVOLUTION OF SOURCING PRACTICES AT SELECTED
MANITOBA APPAREL COMPANIES

By

Meghan Gray

A Thesis
Submitted to the Faculty of Graduate Studies
In Partial Fulfillment of the Requirements
For the Degree of

MASTER OF SCIENCE

Department of Clothing and Textiles
University of Manitoba
Winnipeg, Manitoba

© 2001



**National Library
of Canada**

**Acquisitions and
Bibliographic Services**

395 Wellington Street
Ottawa ON K1A 0N4
Canada

**Bibliothèque nationale
du Canada**

**Acquisitions et
services bibliographiques**

395, rue Wellington
Ottawa ON K1A 0N4
Canada

Your file Votre référence

Our file Notre référence

The author has granted a non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of this thesis in microform, paper or electronic formats.

The author retains ownership of the copyright in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de cette thèse sous la forme de microfiche/film, de reproduction sur papier ou sur format électronique.

L'auteur conserve la propriété du droit d'auteur qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

0-612-76953-4

THE UNIVERSITY OF MANITOBA
FACULTY OF GRADUATE STUDIES

COPYRIGHT PERMISSION PAGE

The Evolution of Sourcing Practices at Selected Manitoba Apparel Companies

BY

Meghan Gray

**A Thesis/Practicum submitted to the Faculty of Graduate Studies of The University
of Manitoba in partial fulfillment of the requirements of the degree**

of

MASTER OF SCIENCE

MEGHAN GRAY ©2001

Permission has been granted to the Library of The University of Manitoba to lend or sell copies of this thesis/practicum, to the National Library of Canada to microfilm this thesis and to lend or sell copies of the film, and to University Microfilm Inc. to publish an abstract of this thesis/practicum.

The author reserves other publication rights, and neither this thesis/practicum nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

ACKNOWLEDGMENTS

Our achievements in life are never solo undertakings and I am indebted to many people for their support and encouragement. I would like to thank my advisor, Dr. Lena Horne. I was blessed to be a recipient of her unflinching dedication to research. I would also like to thank my other committee members, Dr. Darren Dahl and Dr. Martin King. Darren, I am grateful for your open door. It was appreciated more than you know. Martin, I thank-you for your insights, suggestions and commitment, especially from so afar.

I am grateful to Mr. Dave Bennett for his generous assistance in the pilot study. I must also express my deepest gratitude to Mr. Gary Steiman of Gemini Fashions of Canada Ltd. and to Mr. Michael Silver of Western Glove Works. Thank-you for your leap of faith and trust in me. Without your willingness to share your companies' stories with me, this research would not have been possible.

Of course, I must also express my thanks to the two people whose lives were impacted as much as mine by this undertaking – my husband Alan Einarson and daughter Ellie Einarson. Thank-you for your patience and support. It's good to be back.

Lastly I would like to thank my parents, Bill and Pauline Gray - both hard acts to follow - for their lifetime supply of support and encouragement. It's to them I owe my enthusiasm for learning and love of doing just because it's there to do. And, yes Mom, I'm done.

ABSTRACT

This research used the case study research method to apply the taxonomy of global sourcing development by Monczka and Trent (1991) to the evolution of sourcing practices for production and/or finished garments at two apparel companies, both located in Winnipeg, Manitoba. Case studies describing the evolution of sourcing practices for finished garments and/or production at each company were written. Pattern-matching logic analytic strategy was then used to compare the evolution of sourcing practices at each case with Monczka and Trent's taxonomy. The result of pattern matching was that for each case, the evolution of the sourcing practices appeared to follow the developmental process in Monczka and Trent and that the specific characteristics and strategies within each phase outlined by Monczka and Trent could be matched with the sourcing practices described in both case studies. Cross-case comparative analysis as a form of replication logic was also undertaken revealing that even though there were many dimensions in which the two companies were different, there was remarkable consistency when the results of pattern matching were compared. The results of pattern matching and cross-case comparison indicate that Monczka and Trent's (1991) taxonomy is a practical framework to apply to the sourcing practices of apparel companies. Recommendations from both a practical and theoretical perspective were made.

TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
 CHAPTER	
1 INTRODUCTION	1
Purpose	2
Objectives	3
Justification	3
Definitions	4
 2 LITERATURE REVIEW	 5
Structure of the Apparel Industry in Canada	5
The Changing Environment	7
Consumer Demand	7
Retail Environment	9
Regulatory Environment	10
Apparel Manufacturing Sector Response	13
Export Activity	13
Import Activity	14
Market and Product Focus	15
Technology	16
Product Development and Sourcing	17
Research on the Determination of Apparel Production Location	18
Theoretical Framework	23
 3 METHOD	 30
Qualitative Research Method	30
Research Design	31
The Interview Guide and the Questionnaire	32

	The Pilot Case Study	34
	The Sample	34
	Data Collection	36
	Data Analysis	37
4	RESULTS	39
	Case One: Gemini Fashions of Canada Ltd.	39
	1971 – 1975	41
	1976 – 1981	44
	1981 – 1985	47
	1985 – 1995	49
	Developing a sourcing network	51
	Organizational structure and human resources development	54
	1996 and Beyond	58
	Organizational structure and human resources development	59
	A Worldwide Sourcing Network in Operation	63
	The Benefits of Worldwide Sourcing	68
	Risks of Worldwide Sourcing	71
	Measuring Worldwide Sourcing	72
	Case Two: Western Glove Works	73
	Organizational Structure Development	82
	Human Resources Development.....	86
	Sourcing in Operation	89
	Rewards, Benefits and Risks	92
	Future Considerations	94
5	DISCUSSION	99
	Case One: Gemini	99
	Gemini: Phase One - 1971 to 1984	100
	Gemini: First Evolution – 1985.....	103
	Gemini: Second Evolution – 1986	106
	Gemini: Third Evolution - 1987 to 1996	109
	Case Two: Western Glove Works	114
	Western Glove Works: Phase One – 1921 to 1990	114
	Western Glove Works: First Evolution – 1990 to 1998	117
	Western Glove Works: Second Evolution – 1998 to 2000... ..	118
	Phase three characteristics.....	121
	Phase four characteristics	122
	Cross Case Comparison	127

	The Progression from Phase One to Phase Two	129
	Sourcing Practices: Gemini 1985 Compared to Western Glove Works 1990 – 1998	130
	Sourcing Practices: Gemini 1985 Compared to Western Glove Works 1998 – 2000	137
	Sourcing Practices: Gemini 1996 Compared to Western Glove Works 1998 – 2000	140
	Relevant Case Findings in Relation to Previous Research	145
	Regulatory Environment	146
	Cost Competitiveness.....	148
6	CONCLUSIONS, LIMITATIONS, IMPLICATIONS AND SUMMARY	151
	Conclusions	151
	Objective One	151
	Objective Two and Objective Three	153
	Limitations	155
	Implications for Further Research	156
	Practical Implications	157
	Theoretical Implications	158
	Summary	158
	REFERENCES	160
	APPENDICES	168
	A. Interview Guide	168
	B. Questionnaire	173
	C. Letter of Approval – Human Ecology Ethics Review Committee	179
	D. Letter of Introduction	181
	E. Cover Letter for Case Review by Key Informants	184
	F. Case Approval Letters	187

LIST OF TABLES

Table 1.	The Taxonomy of Global Sourcing Development by Monczka and Trent (1991).....	24
Table 2.	The Evolution of Sourcing Characteristics at Gemini	101
Table 3.	The Evolution of Sourcing Characteristics at Western Glove Works.....	115
Table 4.	The Comparison of Sourcing Characteristics	132

LIST OF FIGURES

Figure 1.	Gemini: Organizational structure 1973.....	42
Figure 2.	Gemini: Organizational structure 1979.....	45
Figure 3.	Gemini: Organizational structure 1984.....	48
Figure 4.	Gemini: Organizational structure 1985.....	52
Figure 5.	Gemini: Organizational structure 1986.....	55
Figure 6.	Gemini: Organizational structure 1996.....	60
Figure 7.	Western Glove Works: Organizational structure 1988.....	77
Figure 8.	Western Glove Works: Organizational structure 1990 – 1998.....	79
Figure 9.	Western Glove Works: Organizational structure 1998 – 2000.....	83
Figure 10.	Gemini: Sourcing structure 1985.....	104
Figure 11.	Gemini: Sourcing structure 1986.....	107
Figure 12.	Gemini: Sourcing structure 1996.....	111
Figure 13.	Western Glove Works: Sourcing structure 1990 – 1998.....	119
Figure 14.	Western Glove Works: Sourcing structure 1998 – 2000.....	125

CHAPTER ONE

INTRODUCTION

Since the beginning of 1990, significant changes have occurred in the competitive environment facing the apparel industry in Canada. Concurrent and continuing changes in consumer demand, the retail environment, and the regulatory environment have driven major readjustments in structure and focus of the Canadian apparel industry.

A major outcome of these changes is the increased competition for apparel manufacturers in both national and international marketplaces. Declining domestic consumer demand for apparel combined with shifting consumer priorities, preferences, and interests (Statistics Canada, 1996) has created additional competition for consumers' apparel dollars and precipitated structural change in the apparel retail market in Canada. The apparel retail market has become more concentrated ("Canadian Market Watch", 1998), American retailers are increasing their presence in Canada ("Veni, vidi, vici; U.S. style", 1996), and retailers in general are looking to private label programs to decrease costs and increase exclusivity (Glock & Kunz, 1995).

Competition is also an outcome of a shift from protectionism to trade liberalization in the regulatory environment in which Canadian apparel companies must operate. Beginning with the Free Trade Agreement (FTA) between Canada and the United States in 1989, followed by the North American Free Trade Agreement (NAFTA) in 1994, and the 1995 Uruguay Round

of the General Agreement on Trade and Tariffs (GATT), protective barriers in the form of tariffs and quotas have been or continue to be removed. Consequently, Canadian companies found themselves operating in an open trade environment characterized by increased competition from imports in the domestic market as well as increased opportunity to export to international markets.

The initial response to elements in the macro and micro environments was a contraction of the apparel industry. Between the late 1980's and early 1990's the apparel industry lost 700 companies and 30,000 employees (Industry Canada, 1997). The remaining companies responded and continue to respond to environmental forces by increasing export activity, becoming importers themselves, becoming market driven, shifting product focus, and implementing new technologies. The sourcing of finished apparel product is one strategic thrust adopted by apparel companies.

Purpose

The purpose of this research is to apply the taxonomy of global sourcing development by Monczka and Trent (1991) to examine the evolution of sourcing practices for production and/or finished garments by selected apparel companies in Manitoba.

Objectives

The objectives of the research are:

1. To describe the evolution of sourcing practices for production and/or finished garments of selected Manitoba apparel companies;
2. To determine if the evolution of sourcing practices of selected Manitoba companies follow the taxonomy of global sourcing development by Monczka and Trent (1991); and
3. Dependant on a positive outcome for objective two, to determine the companies' position within the taxonomy of global sourcing development by Monczka and Trent (1991).

Justification

Sourcing decisions help to determine an apparel company's competitive edge and is one of the most important activities undertaken by an apparel company (Anderson, Warfield, Barry, & Emery, 1997; Burns & Bryant, 1997). Currently, little scholarly research exists on apparel companies regarding this strategic activity and none has been found from a Canadian perspective. Yet, in trade literature, sourcing strategy has been portrayed as a critical element contributing to the survival and success of apparel companies.

Researchers who have examined sourcing of finished apparel production advise against seeking generalizations and recommend research at the

company level, examining sourcing strategies employed by specific companies (Appelbaum & Christerson, 1997). An exploratory investigation of a small number of Manitoba apparel companies pertaining to sourcing practices could reveal important information for both industry and scholars by providing context, insight, and further research questions.

Definitions

The following are definitions for the concepts used in this study.

1. Sourcing: is a decision making process whereby "... the most cost efficient vendor of materials and/or production at a specified quality and service level..." (Glock & Kunz, 1995, p.251) is determined. For the purposes of this study, sourcing will be used to refer only to the sourcing of production and/or the sourcing of finished garments.
2. Apparel company: is a business that "...merchandises product lines, determines the sources of materials and production and/or finished garments, and markets finished goods to retailers and/or ultimate consumers..." (Kunz, 1995, p.252).
3. Finished garment/finished apparel: the apparel that will be available for sale to retailers and /or consumers.

CHAPTER TWO

LITERATURE REVIEW

This chapter describes the structure of the apparel industry in Canada, changes in competitive conditions including consumer demand, retail and regulatory environment, and the industry's response to these changing conditions. Secondly, the importance of product development and sourcing as activities undertaken by apparel companies will be discussed. The scope of sourcing will be limited to research on the location of apparel production. Then, the taxonomy of global sourcing by Monczka and Trent (1991) will be introduced as the conceptual framework within which to structure the investigation of global sourcing practices of selected apparel companies in Manitoba. Finally, research that has applied the taxonomy of global sourcing by Monczka and Trent will be discussed.

Structure of the Apparel Industry in Canada

The apparel industry contributes significantly to the Canadian economy and is one of the few manufacturing industries with companies in every province. In 1995, close to 2000 companies employed approximately 84,000 people accounting for 1.6 percent of Canada's total manufacturing sector shipments and 5.7 percent of total manufacturing sector employment (Industry Canada, 1997).

The apparel industry is characterized by small and medium-sized enterprises (SMEs) with 80% employing fewer than 50 people and 90% employing fewer than 100 people (National Sector Team- Consumer Products, 1998). Most companies are privately held and Canadian owned; only 2 percent of companies are foreign owned (Industry Canada, 1997). There are four major apparel manufacturing centres in Canada. In order of size, based on the number of companies, they are Montreal, Toronto, Winnipeg and Vancouver (Industry Canada, 1997). A diverse range of apparel products, classified under the Standard Industrial Classification (SIC) code 2400, is produced by companies in the Canadian apparel industry (Consumer Products Industries Branch, 1997, December 9).

A compilation of a trade association membership list (Manitoba Fashion Institute, 2000) and a list from the Manitoba provincial government (Kelly Crawford-Roy, personal communication, November, 1999) has resulted in the identification of 165 Manitoba apparel companies. The characteristics and ownership of Manitoba apparel companies reflect the characteristics of Canadian apparel companies. Similar to companies found in the rest of Canada, Manitoba companies are primarily privately held and Canadian owned. They manufacture a diverse range of products found under the SIC code 2400. In Manitoba, the size of companies varies from small to large, but as in the rest of Canada, most are small and medium sized operations.

The Changing Environment

The evolution of the apparel industry is fueled by changes in consumer demand, the retail environment and the regulatory environment. During the five years from 1988 to 1993 the industry lost approximately 700 companies and 30,000 employees (Industry Canada, 1997). The number of companies has remained fairly constant since 1993 and employment increased in both 1994 and 1995 by 1% (Industry Canada, 1997). Value of shipments by apparel companies is once again climbing after reaching a low of \$5.8 billion in 1992, and in 1996 had risen to \$6.1 billion, a growth rate of 5% (Consumer Products Industries Branch, 1997, December 9).

Consumer Demand

Consumer demand for apparel is influenced by a multitude of interrelated factors such as the economy, styles, consumer interests, and demographic and lifestyle changes (Dickerson, 1995). Changes in the amount of money allocated to an expenditure category reflect changing consumer priorities, preferences, and interests.

In Canada, consumer demand for apparel has declined in recent years. The proportion of total household expenditure allocated to apparel has dropped from 8.8% in 1969 to 4.3% in 1996 (Statistics Canada, 1996). The decline in spending on apparel is also not specific to any one-income group.

Canadian consumers are spending proportionately less on clothing across all income groups as reported by Statistics Canada. Statistics Canada attributes the decline in clothing expenditure to smaller household size and that the rate of inflation of clothing prices is less than that of other commodities.

Furthermore, the decline of real personal disposable income and the increase in consumer expenditures in other categories also influenced household expenditure on clothing. While real personal disposable income per capita of Canadians has declined each year between 1989 and 1995 (Industry Canada, 1997), consumers were also reallocating resources to non-clothing categories of expenditures such as recreation equipment, home entertainment, and recreation services (Statistics Canada, 1996).

Throughout the 1990's, in addition to consumers' reallocation of resources from apparel to other consumer products, they also placed importance on the price/value equation (Consumer Products Industries Branch, 1997, December 8; Dickerson, 1995; Human Resources Development Canada, 1997; Kottler, Armstrong, Cunningham, Warren, 1996) and were devoting less time to apparel purchasing (Kurt Salmon Associates, 1998; Human Resources Development Canada; Richardson, 1996). These changes in consumer behavior have affected apparel companies. Because of these changes, it is critical for an apparel company to provide consumers with the product they are looking for, at the time they are looking for it, at the quality level they expect, and at the price they are willing to pay.

Retail Environment

In the 1990's, as consumer demand for apparel declined, apparel retail sales declined accordingly. In 1990, the Canadian apparel retail market value was \$16.3 billion. By 1995 it was valued at \$15.2 billion (Consumer Products Industries Branch, 1997, December 8). Overall, the value of the Canadian apparel retail market decreased by 9% from 1990 values.

In response to the changes in the macro environment, the organization of the apparel retail industry underwent changes. Apparel retailing became more concentrated. In 1997, twelve retailing organizations accounted for 49.4% of all apparel sales in Canada ("Canadian Market Watch", 1998). As a result of the concentration in the retailing sector, apparel manufacturers had access to fewer potential customers who had increased leverage (Wall, Wilcock, & Sommers, 1992; "Retail concentration increases with HBC's acquisition of K-Mart Canada", 1998). At the same time, as retailers sought to streamline their supply base, competition among apparel manufacturers became increasingly intense.

Another change in Canadian retailing was the influx of American retailers such as Wal-Mart, The Gap, Eddie Bauer and Talbot's into Canada since the early 1990's. These retailers gained market share from Canadian retailers in an already stagnant apparel market ("Veni, vidi, vici; U.S. style", 1996). These retailers had established suppliers and presented both opportunity and threat to Canadian apparel manufacturers. Canadian apparel companies could

become suppliers to the American retailers. On the other hand, if a Canadian apparel company could not establish themselves as a supplier to these new entrants, it could lose domestic market share. The new retailers also were introducing its suppliers to the Canadian market, perhaps for the first time. These suppliers could see opportunities for growth in Canada and competition could be increased.

Private label (a brand owned by a retailer) programs were beginning to be of great importance to retail organizations. As a response to the decline in consumer demand and the importance consumers were placing on the price/value equation, retailers began to develop private label apparel product to decrease costs and increase exclusivity (Glock & Kunz, 1995). To facilitate private label, retailers have had to set up product development divisions within the company to manage the merchandising functions that have traditionally been performed by apparel manufacturers. Increasingly retailers in general are taking on the functions of product development and sourcing production (Glock & Kunz, 1995).

Regulatory Environment

The third force at work is the regulatory environment under which Canadian apparel companies must operate. In a global economy, apparel production is an important industry for both developing and developed countries (Christerson, 1994; Dickerson, 1985, 1988, 1995). The number of

apparel producing countries in the world has grown as developing countries look to apparel production as a means of economic development (Dickerson). While developed countries have, in the past, dominated textile and apparel trade, their share is declining while that of developing countries is increasing (Dickerson; Hamilton & Dickerson, 1990).

Historically, apparel industries in developed countries were protected from expanding apparel industries in developing countries through a system of tariff and non-tariff barriers (Dickerson, 1985, 1988, 1995). A tariff is a tax or duty imposed on imported goods. Quotas are a non-tariff trade barrier and are a restriction on quantities traded. However, the onset of trade liberalization in the late 1980's set in motion a gradual elimination of protective barriers. The FTA in 1989 between Canada and the United States resulted in the elimination of tariffs by December 31, 1999 on apparel products produced in and traded between the two countries. The NAFTA was struck in 1994 between Canada, the United States and Mexico. By December 31, 2004, all tariffs on apparel products produced in and traded between the United States, Canada and Mexico will have been removed. The Uruguay Round under the GATT in 1994 - a World Trade Organization (WTO) initiative - resulted in the ten-year phase out of the Multi Fibre Arrangement (MFA). The GATT is a treaty among 92 governments accounting for four-fifths of world trade. The Uruguay Round under GATT will result in the elimination of quotas for apparel products by December 31, 2004.

As a result of trade liberalization, countries such as Canada who used to produce only for national consumption now find themselves producing for

international consumption and also competing for their own national marketshare. Simultaneously, apparel imports into Canada have increased from 30.1% in 1991 to 45.9% in 1998 and are predicted to further increase as tariffs and quotas are dismantled by December 31, 2004 according to the Uruguay Round under GATT (Consumer Products Industries Branch, 1997). The reduction of trade restrictions will intensify the competition Canadian apparel companies will face domestically and in export markets (Human Resources Development Canada, 1997).

The decline in consumer demand for apparel has resulted in a lack of growth in the Canadian apparel retail market and a reorganization of the apparel retail industry. These changes in the retail scene encouraged competition and impeded growth for Canadian apparel manufacturers. Concurrently, Canadian apparel companies have had to contend with the results of trade liberalization – both decreased protection in the domestic marketplace and increased access to the international marketplace. Decreased protection has resulted in the increase of imported apparel into Canada and further loss of domestic market share by Canadian apparel companies. Trade liberalization has also opened the door to the international marketplace for Canadian companies. Next, the response of Canadian apparel companies to the changing competitive environment will be examined.

Apparel Manufacturing Sector Response

The Canadian apparel industry has responded to the challenges of a constantly changing and increasingly competitive environment by increasing export activity and becoming importers themselves, becoming market driven and shifting product focus, and implementing new technologies.

Export Activity

The response to a decline in domestic market share as a result of the FTA, the NAFTA, and the GATT, and a decline in consumer spending on apparel was a reorientation in market focus by engaging in export, particularly to the United States. The United States is the destination of 91% of exported Canadian apparel product (Industry Canada, 1997). The FTA and the NAFTA gradually phased out the tariff on Canadian apparel imported into the United States, lowering the cost of Canadian apparel and thereby increasing its competitiveness in the U. S. marketplace.

From 1991 to 1998, while domestic market share dropped from 69.9% to 54.1% and imports rose from 30.1% to 45.9%, exports of apparel increased from 6.7% to 30.1% of shipments. In dollar value this increase represented an increase from \$0.4 billion in 1991 to \$2 billion in 1998. Along with an increase in exports, the total value of shipments in the same time period increased from \$6.1 billion to \$6.8 billion, even though the number of companies remained

constant. The companies that survived the industry contraction of the late 1980's and early 1990's are thriving, even though they have lost domestic market share, as a result of market reorientation to the United States. The increase in export activity has also been bolstered by a weak Canadian currency relative to the U.S. dollar ("The apparel export picture: To what do we owe our success in the U.S.?", 1999). Because of the difference in exchange rate, Canadian apparel has been competitively priced.

Import Activity

Along with increasing export activity, apparel companies are also becoming importers themselves. In 1993 apparel manufacturers were responsible for over 26% of the value and 31% of the volume of imported apparel product. This is an increase from 1988 levels of 23% for both volume and value (Consumer Products Industries Branch, 1997, December 8). As domestic shipments decrease and imports increase (as a percentage of the Apparent Canadian Market, (ACM)), apparel companies began to utilize global sourcing as a means of capturing a larger percentage of the ACM by importing product themselves ("Ottawa brief: Manufacturers or merchandisers?", 1996).

An apparel company can benefit by taking on the role of a supplier of imported product to the retailer. Profit is maintained in value added activities such as product development. The company also maintains its position in the supply chain as a supplier of product to the retail market, whether produced

domestically or not. This strategy allows apparel companies to maintain or increase domestic market share. The use of this strategy by apparel manufacturers is expected to accelerate ("Ottawa brief: Manufacturers or merchandisers?", 1996).

Market and Product Focus

As a response to changes in consumer demand and increased competition from imports, apparel companies have shifted orientation from production driven to market driven and changed product focus. In a production driven company, markets are thought of in terms of the production capabilities of the company. In contrast, a market driven company is guided in decision-making by the actual wants and needs of the consumer (Day, 1990). The changes in consumer demand for apparel products and consumer behavior are the forces behind the change to a market driven orientation. As an apparel company's success or failure depends on its ability to meet the demands of its target market (Glock & Kunz, 1995; Kunz, 1995), to be successful, a company must make decisions based on the wants and needs of consumers.

The market driven orientation is reflected in the apparel industry's overall movement toward developing apparel products for target markets (Consumer Products Industries Branch, 1997, December 8) rather than commodity products. This shift from undifferentiated commodity apparel to high quality, value-added products is supported by the rising measure of value-added per

employee (Industry Canada, 1997). A focus on product development has been identified as a prerequisite for the success of Canadian apparel companies in an increasingly competitive and rapidly changing competitive environment (Consumer Products Industries Branch; Human Resources Development Canada, 1997).

Technology

In tandem with increasing both export and import activities, and changing market orientation and product focus, apparel companies are implementing technology and processes that reduce the time it takes to develop and deliver products, and enhance their ability to communicate both upstream and downstream (Day, 1990). Because apparel products have relatively short life cycles, technology and processes that reduce the product development and delivery time decrease the risks inherent in high inventory levels and increase a company's ability to respond. Technologies such as EDI (Electronic Data Interchange), CAD (Computer Aided Design) and processes such as JIT (Just-In-Time) and QR (Quick Response) are being implemented to increase responsiveness. However, Canadian apparel companies are lagging behind in their implementation of these technologies and processes (Consumer Products Industries Branch, 1997, December 8).

The advantages that accrue to businesses from the implementation of processes and technology are increasingly important and are generally

speaking, a precondition to operating a company in today's competitive environment. Decreasing capital costs have also put technology within the reach of many more companies. Although technology is beyond the scope of this research, an acknowledgement of the increasing importance of technology in apparel companies' success in sourcing finished garments internationally and its implementation levels is necessary.

Product Development and Sourcing

An increased emphasis on product development is part of the Canadian apparel industry's response to changes in consumer demand for apparel products, increased competition from imports, and supplier/vendor pressures. Product development is the design and engineering of products to be serviceable, producible, salable, and profitable (Glock & Kunz, 1995). In the apparel industry, product development is part of the merchandising function which is "the planning, development, and presentation of product line(s) for identified target market(s) with regard to prices, assortments, styling, and timing" (Glock & Kunz, p. 63). Product development is the translation of the abstract to the concrete; it is the implementation of merchandising strategy developed within the parameters of a company's market strategy.

Product development decisions are driven by a company's identified target market (Glock & Kunz, 1995). In other words, the product itself is the articulation of a company's marketing strategy regarding price, product,

assortment, and timing. It is this activity that generates the products that in turn, generate a company's revenue (Kunz, 1990).

Whereas product development renders the functional and aesthetic aspects of apparel, sourcing is the method of acquiring the apparel and may or may not be part of the merchandising function (Glock & Kunz, 1995). Within the apparel industry, sourcing is a decision-making process whereby the most cost-efficient vendor of materials and/or production at a specified quality and service level is determined (Glock & Kunz). Sourcing decisions help to determine a company's competitive edge and is one of the most important decision-making activities undertaken by a company (Anderson et al., 1997; Burns & Bryant, 1997).

Research on the Determination of Apparel Production Location

For the purposes of this study, sourcing as pertaining to apparel production location only will be covered. Therefore the literature review is limited to research on the sourcing practices for finished garments and/or production of apparel companies. Empirical research on sourcing is scarce and can be found in the fields of clothing and textiles, sociology and geography. The majority of research has been conducted without a theoretical framework. Researchers who investigated apparel production location within the parameters of a theoretical framework agreed that there is not a single theory that can explain apparel production location. All research and discussion,

regardless of perspective or emphasis, acknowledge that multiple factors determine apparel production location.

Research by Forney, Rosen and Orzechowski (1990) and Wall et al. (1992) found cost competitiveness to be the primary reason for offshore production location decisions and shorter lead-time the primary reason for making location decisions in favour of domestic production. However, research from a cost comparative perspective found cost alone to be insufficient to explain production location decisions (Barff & Austen, 1993; Donaghu & Barff, 1990; Mody & Wheeler, 1987). Factors such as proximity to market and suppliers, market niche, and cost (Appelbaum, Smith & Christerson, 1994; Christerson, 1994; Taplin, 1994), ethnicity of owner, company size, market niche and strategy, trade regulations and tolerance of risk and international orientation of company executives (Christerson & Appelbaum, 1995) were found to be significant determinants of apparel production location.

Some authors have emphasized the importance of trade policy (Balkwell & Dickerson, 1994; Dickerson, 1985, 1988; Glasmeier, Thompson, & Kays, 1993) in shaping global apparel production location. Glasmeier et al. describe the current competitive environment of the global textile and apparel industry and how, historically, it has been shaped by trade policy. They utilize the textile and apparel industry to illustrate their argument for the role of the State in the geography of production. Balkwell and Dickerson examine the impact of special tariff and quota provisions for the Caribbean region vis-a-vis the United States on both the U.S. textile and apparel complex and the Caribbean region.

Changes in trade policy have favoured the Caribbean region and it has become an important apparel production region and is the fastest growing apparel assembly region for U.S. companies.

For other researchers, product differentiation has been the focus of investigation. Taplin (1994) chose the apparel industry to illustrate how examination at the commodity chain level rather than country level can explain the geography of production. The form of organization and location of apparel production is presented as dependant on the commodity chain – standardized, mass market versus fashion oriented. In order to evaluate the usefulness of the commodity chain concept, Appelbaum et al. (1994) analyzed two commodity chains – one for a high-value product (men's wool suits) and one for a low-value product (women's synthetic blouses). They found support for the relationship. High-value products were found to rely on location specific sources of competitive advantage such as proximity to research centres, suppliers and consumer markets and were more spatially concentrated. Low-value products were found to rely on sources of competitive advantage, which were not necessarily location specific, such as cheap labour and materials and were more spatially dispersed.

Christerson (1994) also tested the idea that the determinants of production location are different for low value products than for high value products. Because of the failure of comparative cost to explain apparel production location, Christerson hypothesized that non-cost sources of competitive advantage could explain the contradiction inherent in the fact that

apparel production can thrive in high-wage areas. The findings echo those of Appelbaum et al. (1994). Christerson found that for low-end apparel, labour costs were significant causing production to be centered in low wage areas. For high-end apparel production, factors such as proximity to suppliers and final markets were more likely to determine production location.

Researching from a strictly cost comparative perspective, Mody and Wheeler (1987) analyzed apparel production alternatives over six product categories with the U.S. as the final market destination. Their objective was to analyze how changes in the competitive environment would impact apparel production site location from a comparative cost perspective. They found that middle-wage countries were becoming less desirable production location choices vis-a-vis low-wage and joint production arrangements countries.

Some researchers have focused on refuting the cost comparative perspective. Christerson & Appelbaum (1995) continue the investigation into the non-cost perspective of apparel production location. Their investigation partly centers on refuting the NIDL (New International Division of Labour) model and exploring other models and theories to explain apparel production location. The NIDL is a comparative cost theory that states that in response to high labour costs production will move from the core to the periphery seeking cheaper alternative sites. The concepts used to explain apparel production were social embeddedness, transaction-costs, and flexible specialization. Flexible specialization stresses the importance of delivery time relative to labour costs. The transaction-costs theory of economic organization postulates that larger

companies are more able to disperse production globally because they are able to internalize transactions, thereby reducing costs and risks associated with these same transactions. The social embeddedness of economic action is an idea whereby relationships between companies, and particularly those embedded in preexisting social ties, provide companies with confidence in the reliability of transactions. Using a blend of qualitative and quantitative methods they found that ethnicity of owner, company size, market niche and strategy, trade regulations and tolerance of risk and international orientation of company executives to be significant factors as determinants of apparel production location. They found that these factors could supercede labour costs as determinants of production locations.

Donaghu and Barff (1990), and Barff and Austin (1993) also evaluate the NIDL. Using the case study method, both examine the global evolution of athletic footwear production. They conclude that the NIDL fails to explain athletic footwear production location because of its overemphasis on labour costs. They conclude that it is the relationship between labour costs, manufacturing process, market strategy, market access, consumption patterns, and regulatory policy that determines production location.

Although perspective varies according to the discipline, the conclusions reached are remarkably consistent. All researchers cited above concluded that a complex interplay of factors determine apparel production location. Apparel production location decisions are a strategic blend and careful weighing of factors such as proximity to market and suppliers, supplier/vendor pressures,

nature of the product, trade regulations, labour market characteristics, personal connections, consumer demand and company size. Appelbaum and Christerson (1997) recommend "One must look beyond generalizations based on factor costs and cost minimization, and examine the strategies pursued by specific companies within specific industries" (pg. 213).

Theoretical Framework

Since research on the determinants of apparel production did not reveal a theory with which to conceptualize this research, a search of the literature pertaining to global sourcing was undertaken to identify models or theories to enhance the understanding of global sourcing practices. The literature is characterized by scarcity rather than abundance. Swamidass and Kotabe (1993) confirm this overall scarcity. When researching the determinants of various forms of international sourcing, they discuss the lack of conceptual schemes available with which to structure research in this area.

Monczka and Trent (1991) present the most comprehensive typology of global sourcing. The typology is the cumulative result of a number of published and unpublished studies investigating procurement practices conducted over a number of years. The evolution of global sourcing within a company is conceptualized as a four phase developmental process. The characteristics of each phase are illustrated in Table 1.

Table 1

The Taxonomy of Global Sourcing Development by Monczka and Trent (1991)

Phase	Characteristic
One	Domestic sourcing only
Two	International sourcing on an ad hoc basis Reactive stance Increasing sourcing information needs Limited sourcing structure and capability
Three	Top management support Global perspective Proactive stance Resistance to global sourcing Strategy 1: Buyer based domestically Strategy 2: Agent(s) based internationally Strategy 3: Foreign Sourcing offices
Four	Executive level coordination

(Table continues)

Table 1 (Continued)

Phase	Characteristic
Four	Effective organizational structure Sophisticated personnel capabilities High information needs Measurement and rewards systems Strategy 4: Assign design, build and source Strategy 5: Integrate procurement requirements

In phase one, a company sources domestically and engages in no direct foreign purchasing activities. According to Monczka and Trent (1991) a firm progresses to phase two and begins sourcing internationally as a reaction to "triggering events" in the marketplace such as increased foreign competition, inadequacy in the domestic supply market, changes in currency rate exchanges and competitive advantage accruing to competitors due to foreign sourcing. A company exhibiting phase two characteristics conducts sourcing on an ad hoc basis in phase, has a reactive stance vis a vis international sourcing, conducted, is faced with increasing sourcing information needs and has limited international procurement capabilities.

According to Monczka and Trent (1991) a firm progresses from phase two to phase three because of "significant performance gains" as a result of international sourcing such as lower purchase prices and represents a conscious

decision on the part of the company to proactively develop its international sourcing capabilities. Phase three is characterized by top management support, a global perspective and proactive stance vis a vis international sourcing and resistance to sourcing. It is in this phase that companies begin to implement what Monczka and Trent (1991) call proactive sourcing strategies. A company using strategy one assigns international purchasing responsibilities to a buyer within the company. A company progresses to strategy two because of an increased need for information to support increased international sourcing. This increased need results in the use of external sources of information and expertise such as subsidiaries, other corporate units or internationally based agents. Strategy three is characterized by the establishment of international purchasing offices focused in function and region that provide direct support for the sourcing requirements of the business units. According to Monczka and Trent (1991) the implementation of a phase three sourcing strategy is evidence for a company's proactive rather than reactive stance vis a vis international sourcing and indicates its information requirements. The greatest resistance within the company to international sourcing is also found at this stage in the evolution of global sourcing development, especially at the buyer level (phase three, strategy one in Table 1)

Phase four is characterized by executive level coordination, an effective organizational structure, sophisticated personnel capabilities, high information needs, a measurement and reward system for global sourcing and the use of sourcing strategies four and five. Sourcing strategy four involves assigning

design, build and source functions to the most capable business unit. A company using strategy five has integrated and coordinated sourcing requirements across all divisions.

Companies in both phases three and four implement sourcing strategies one to five proactively. These strategies are viewed as having the ability to significantly impact on a company's success or failure and build upon one another culminating in a unique global sourcing strategy. The company progresses as one strategy becomes ineffective in meeting the company's needs and the next is implemented. Benefits to the company accrue cumulatively. Phase three companies are characterized by the employment of strategies one, two, or three whereas phase four companies employ strategies four and five. Phase four companies are not precluded from utilizing phase three sourcing strategies one, two and/or three but are further differentiated from phase three companies through the additional use of sourcing strategies four and five (Table 1).

An important distinction made by Monczka and Trent (1991) is the difference between international and global sourcing. International sourcing is described as basic international buying and lacks the coordination of requirements of worldwide business units. True global sourcing requires the integration and coordination of procurement requirements (phase four, strategy five in Table 1). Phase four companies employing strategies four and five would be considered to be achieving maximum and superior performance benefits.

Each phase is characterized by its own specific set of objectives and specific investments in terms of strategies employed. The determination of a company's evolutionary position on the typology involves extensive analysis. In some cases it is not the differences in behavior(s) but the addition of a behavior(s) that is the distinguishing factor(s) between phases

Bozarth, Handfield and Das (1998) classified companies according to the taxonomy of global sourcing by Monczka and Trent (1991) to examine procurement strategy and performance differences between companies that proactively sourced globally (Phase three and four companies) and those that did not (Phase two companies). They attempted to answer the following research questions.

1. Do phase three and phase four companies achieve superior procurement performance?
2. Is there an increase in certain procurement strategies as companies shift from phase two to phase three and four?
3. Is the mix of procurement strategies used affected by marketplace conditions (as defined by the type of supplier market)?

Bozarth et al. (1998) found that they were able to distinguish between phase two and phase three and four companies based on differences in motivating factors. However, they found that the differences in motivating factors did not translate into significant differences in either procurement strategies used by companies or purchasing performance. They found no difference in the implementation of procurement strategies between phase two

companies and phase three and four companies; some, but not significant, support for superior procurement performance of Phase three and four companies; and that the mix of procurement strategies used is not affected by marketplace conditions (as defined by the type of supplier market). Bozarth et al. suggests that future research is needed to understand and test Monczka and Trents' typology.

In summary, shifts in consumer demand and behavior and the changing retail and regulatory environment have changed and continue to change the competitive environment facing the apparel industry. As we approach 2005 and beyond when the phase in period of the Uruguay Round of GATT is complete, Canadian apparel companies will have to manage increasingly competitive national and international markets. Sourcing strategy will be a critical element contributing to the ability of Canadian apparel companies to meet the demands of an increasingly competitive environment.

At present, no research exists investigating the sourcing practices of Canadian apparel companies. The taxonomy of global sourcing by Monczka and Trent (1991) will provide the framework for this research. An exploratory investigation of a selected number of Manitoba apparel companies pertaining to sourcing practices could reveal important information for both industry and scholars by providing context, insight, and further research questions.

CHAPTER THREE

METHOD

In this chapter, the method and procedures used to achieve the research objectives are described. An overview of the qualitative research method is followed by the case study approach, the pilot case study, recruitment of the sample, data collection and data analysis.

Qualitative Research Method

A research method is chosen for its appropriateness in answering the research questions. Qualitative research is inductive, relies on descriptive data and endeavors to understand a phenomenon from the participant's point of view. Its purpose is contextualization, interpretation and understanding (Neuman, 1997). The review of the literature has shown that there is little theoretically driven empirical research on the sourcing practices of apparel companies in Canada. This lack of an existing body of research precluded the positivist mindset that favours quantification by precise measurements, seeking uniformity and causal explanation. As the objective of this research was to describe and explore the evolution of sourcing practices of apparel companies and its complexity from the company's perspective, the qualitative orientation was deemed suitable.

Research Design

The apparel industry is highly entrepreneurial. It is characterized by a diversity of products and market niches and is known to be a difficult industry to study (Dunlop & Weil, 1996; Wall et al, 1992). The majority of Canadian apparel companies are privately held; the very competitive nature of the industry creates an unwillingness to divulge information.

The case study research design was deemed to be most suitable for this research because it is a qualitative research method for the purpose of describing and understanding a unique phenomenon in great depth (Marshall & Brossman, 1989; Patton, 1990; Stake, 1994). It involves investigating events, processes and/or outcomes within their real-life setting (Miles & Huberman, 1994; Yin, 1989). According to Yin, when the research questions are exploratory and the phenomenon being studied is such that behavior cannot be manipulated the case study is a suitable method of empirical inquiry.

The case study is also particularly well suited for the purpose of this research given the remark by Monczka and Trent (1992) that "The best way to evaluate the worldwide sourcing process is at the firm level within a specific industry, because the industry is the arena in which competitive advantages are won or lost" (p. 11). Monczka and Trent also suggest that companies are unique and a high degree of homogeneity should not be expected. The case study method enabled the researcher to capture and accommodate the complexity of sourcing at the company level.

A case study relies on multiple forms of evidence and can be single case or multi-case (Miles & Huberman, 1994; Patton, 1990; Stake, 1994; Yin, 1989). When replication is of concern, as when testing a set of conjectures such as the taxonomy of global sourcing development by Monczka and Trent (1991), a multi-case study is recommended (Miles & Huberman; Yin) especially in order to establish external validity. If similar results were obtained from more than one case, more compelling support is found for the theory. The purpose of multiple cases is not to generalize to a population, rather to the theoretical propositions guiding the research. For this research, the case study was structured according to the attributes of the holistic, multi-case design described by Yin.

The Interview Guide and the Questionnaire

According to Yin (1989) the interview is one of the most important sources of information when conducting a case study. A semi-structured interview format was chosen for a number of reasons. Semi-structured interviews have been found to be an effective method of studying apparel companies (Helgason, 1984; Wall et al., 1992). A semi-structured interview format also gave the interviewer the opportunity to probe for information, to clarify questions for the respondents, and to request clarification of the vocabulary particular to many companies in the apparel industry. A large degree of prestructuring was desirable for this research because it was theory driven and comparability was

important in achieving the research objectives (Maxwell, 1996; Miles & Huberman, 1994).

Appendix A contains the interview guide. The interview guide consisted of two sections. The first section was an introductory statement designed to put the respondent at ease, to focus the respondent on sourcing, and to restate the interview procedure as previously outlined in the letter of information. The questions in Section Two were designed to encourage the informants to describe the evolution of sourcing practices. According to Yin (1989), a case study must demonstrate construct validity by selecting specific types of changes within the company to study. In this research, open-ended questions were developed to enable informants to describe the complexity of sourcing and sourcing practices over time. The wording of the questions was guided by the theoretical propositions by Monczka and Trent (1991).

Appendix B contains the questionnaire. The questionnaire comprised closed-ended questions designed to collect descriptive data such as product type, size, the number of divisions, market share, market niche and strategy. The research instrument developed by Bozarth (personal communication, November 1999), who applied the taxonomy by Monczka and Trent (1991), formed the content of the questionnaire. Questions were selected from the questionnaire from Bozarth based on the objectives of the research and the results reported by Bozarth et al. (1998). Where necessary, the questions were modified to fit the vocabulary of the apparel industry. After the interview guide and questionnaire were developed, a pilot case study was undertaken.

The Pilot Case Study

A pilot case study is recommended to help refine data collection methods both for content and procedure (Yin, 1989). A recently retired senior executive of an apparel company who had direct experience with the international sourcing of production agreed to participate in the pilot case study. After completion of the pilot case minor methodological and procedural changes were made.

The Sample

When using the case study method, cases are identified, selected and studied based on whether or not a case can answer the research questions. This careful selection, also called purposeful sampling (Maxwell, 1996; Miles & Huberman, 1994; Patton, 1990; Stake, 1994; Yin, 1989) was used to select and solicit apparel companies for participation. In addition, the researcher used three criteria to select apparel companies. These are location, product type and willingness.

Only those companies in Winnipeg sourcing some finished garments and/or production outside of Canada were solicited for participation. These companies were considered most able to provide the information to describe and understand the sourcing practices of finished garments and/or production of apparel companies. Companies that did not source finished garments

and/or production outside of Canada were assumed to be unable to provide this information.

Another consideration for selection was product type. Companies producing only fur and/or leather apparel, accessories, arts and craft apparel products, health care apparel products, custom designed apparel, promotional, corporate or advertising apparel products, and uniform apparel products were excluded.

The final criterion to limit participation was the willingness of a company to cooperate in the case study. The apparel industry is very secretive and an unwillingness to divulge information prevails. It was crucial to select companies that displayed interest and a sense of commitment to the research.

Lists from a non-profit trade association (Manitoba Fashion Institute, 2000) and from the provincial government (Kelly Crawford-Roy, personal communication, November, 1999) provided descriptive information regarding size of the company, types of products made, geographic location and contact names. Three companies met the criteria for eligibility.

In the summer of 2000, approval for the research was received from the Faculty of Human Ecology Ethics Review Committee (Appendix C). In the fall of 2000, a letter of introduction explaining the purpose of the research, the procedure and the commitment involved was sent either via mail or e-mail to senior executives of three Winnipeg companies (Appendix D). One week later, senior executives were contacted by telephone or e-mail to ascertain the companies willingness to participate. Two of the three companies agreed to

participate. At this time, the logistics of collecting data were also discussed with the senior executive. In both instances it was agreed that the senior executive would be the key informant most able to respond to the interview and/or the questionnaire in the most meaningful manner. Interview times were then selected at the convenience of the key informant. It was determined that the interview would take place at the individual companies. The senior executive at the third company was contacted three times and did not respond. Thus, the sample consisted of two Winnipeg apparel companies.

Data Collection

This section describes the data collection procedures including the three sources of evidence – the interview schedule, the questionnaire, and secondary research. Multiple data collection methods were used. Data collection took place over the months of October 2000 to February 2001.

Before the interview began, informed consent of the key informant was obtained. Interviews were audio tape recorded with the key informant's consent. The interviews were one hour and two and one half-hours in length. The researcher and the key informant then reviewed the content of the questionnaire which was then left with the key informant to be completed at his convenience. Because it was anticipated that more than one person would fill out this questionnaire a cover letter was attached briefly explaining the research (see Appendix B). However, this was not the case. The respective key informants

filled out the questionnaire. The questionnaires were returned to the researcher within two weeks to a month of the interview.

At the conclusion of the interviews, both key informants agreed to subsequent visits by the researcher if the need for clarification arose. In one instance, the key informant designated the Product Development Manager at the company to provide clarification if needed. The designate was contacted to verify the correctness of organizational charts and minor descriptive details.

The audio tapes were transcribed. Information from secondary sources such as trade magazines, business news journals and daily news publications were gathered for both companies. The researcher also obtained corporate brochures from each company at the time of the interview.

Data Analysis

Data analysis took place over the spring and fall of 2001. Data analysis was carried out using the procedure prescribed by Yin (1989). First, the information about each company was analyzed separately to create case studies in the form of a single narrative sequencing the evolution of sourcing practices at each company chronologically. The data from the transcripts describing the evolution of sourcing practices formed the basis of the case. The questionnaire provided descriptive company data to inform the case. The data from secondary sources provided historical and corroborative evidence.

Once the cases were written, they were sent, with a covering letter to each of the key informants, for review as a validating procedure. The covering letter is attached as Appendix E. One week later, key informants were contacted by telephone to arrange a meeting to discuss any concerns arising from the content of the case studies. The meetings were arranged at the convenience of the key informants. Both cases were approved by the key informants subject to minor changes to enhance clarity. However, in both instances, the key informants did not indicate the need to read the cases again after the changes were made. A confirmation letter indicating approval of the cases was obtained (Appendix F).

In the next stage of data analysis, pattern-matching logic analytic strategy was used to compare the evolution of sourcing practices of each case with the taxonomy of global sourcing development by Monczka and Trent (1991). The analysis was guided by the theoretical propositions by Monczka and Trent. The actions and specific investments of the company as described by the evolution of sourcing practices were compared to the actions and specific investments set forward in the taxonomy of sourcing development by Monczka and Trent.

Finally, cross-case comparative analysis to satisfy the requirements of replication logic (Yin, 1989) was undertaken. Comparing the results from both cases strengthened the evidence in favour of or against the propositions Monczka and Trent (1991).

CHAPTER FOUR

RESULTS

This chapter contains the results with reference to objective one, to describe the evolution of sourcing practices at selected Manitoba apparel firms. Two case studies, each in the form of a single narrative chronologically sequencing the global sourcing development were constructed from the data collected from each of the two participating companies.

Case One: Gemini Fashions of Canada Ltd.

The results described here represent a snapshot of Gemini's sourcing strategy from 1971 to 1996. However, as stated by a senior company executive, the details of this case "is time-dated information that should not be regarded as a blueprint for the company's future operational paradigm".

Gemini Fashions of Canada Ltd. was founded in 1971. The company is a privately owned diversified outerwear manufacturer with its head office in Winnipeg, Manitoba, Canada. During its 30-year history, Gemini has evolved from developing and manufacturing apparel in Canada for sale in international markets to serving the North America marketplace and subcontracting the manufacturing of apparel developed in Winnipeg to factories throughout Southeast Asia.

Now Canada's leading diversified outerwear company, Mr. Gary Steiman one of the original founders, presides as President and Chief Executive Officer (CEO). He is joined at the helm by the Chief Operating Officer (COO), Mr. Bob Forbes and by the Technical Director, Mr. Perry Pollins, who are both partners in the business (Love, 1996, "Gemini Fashion of Canada Ltd."). Gemini is an ISO 9001 Quality Certified Company with over 1 500 retail customers ("Gemini Fashion of Canada Ltd.).

The company comprises four divisions: Children's, Women's, Men's, and Sports. The Children's Division develops branded outerwear under the Statik and Infinity labels, licensed outerwear under the OshKosh B'gosh label and private label outerwear for retailers across North America ("Gemini Fashions of Canada Ltd."). In the Children's Division approximately 10% of the apparel is manufactured domestically, in Manitoba, and 90% is manufactured outside of Canada, in China, India, Sri Lanka, Vietnam and Bangladesh.

The Women's Division develops branded apparel under the Northern Sun label and private label outerwear for retailers across North America ("Gemini Fashions of Canada Ltd."). In the Women's Division approximately 20% of the apparel is manufactured domestically, in Manitoba, and 80% in countries outside of Canada, in India and Vietnam.

The Men's Division develops only private label apparel ("Gemini Fashions of Canada Ltd."). All outerwear in the Men's Division is manufactured outside of Canada in India, Sri Lanka, Vietnam and Bangladesh.

Lastly, the Sports Division develops both branded and private label outerwear. The brand names are Sun Ice and Mobius and private label outerwear is developed for retailers across North America ("Gemini Fashions of Canada Ltd."). In the Sports Division, approximately 5% of the apparel is manufactured domestically, in Manitoba, and 95% in countries outside of Canada, primarily India and Vietnam. All divisions with the exception of the Sports Division develop two lines per year. The Sports Division develops one line per year.

Last available sales and employment figures are from 1997. At that time, the company employed 425 people and \$50 million in sales was generated by the company's four divisions (Love, 1998).

1971 - 1975

From 1971 to 1975, Gemini manufactured apparel in company-owned manufacturing facilities in Winnipeg and rural Manitoba. The first factory was established in 1971 in Morden, Manitoba (Love, 1996). By 1973, with sales of \$3 million, the company employed 60 people, operated three manufacturing facilities in rural Manitoba, and had added a manufacturing facility to the head office in Winnipeg where sales, design and administrative functions were located (Love). See Figure 1 for a chart of the company's organizational structure in 1973. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication. During these early years, sales efforts were

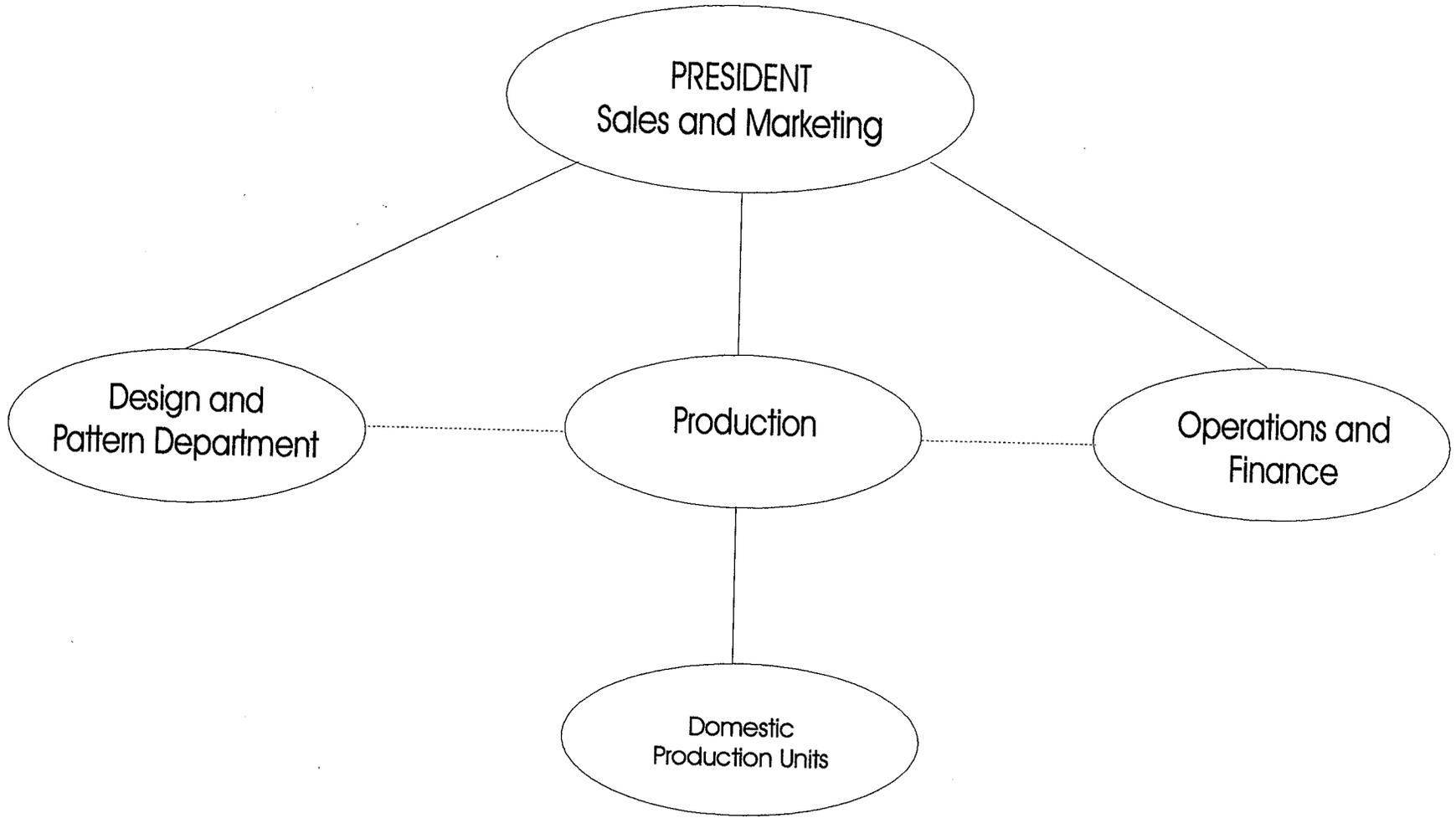


Figure 1. Gemini: Organizational structure 1973

targeted at both domestic and export markets. Export sales efforts were met with success primarily in Europe, along with more limited success in the United States.

The company's first foray into the offshore manufacturing of apparel was in 1975 when a Korean manufacturer was contracted to produce both the salesmen's samples and production for the 1976 fall shipping season.

The decision to manufacture offshore was the company's response to competition from inexpensive imported apparel into the Canadian marketplace ("Focus: The fashion industry," 1977). However, in 1976 Gemini was forced to abandon the manufacturing of apparel in Asia and severed the relationship with the Korean manufacturer because of regulatory changes imposed by the Canadian federal government. The Canadian federal government response to the increase in low cost imported apparel into Canada was to invoke a section of the GATT called Article 19, and place restrictive quotas on foreign produced apparel entering Canada, restricting annual apparel imports to 1975 levels ("Focus: The fashion industry"). As a result of the actions of the Canadian government, the company found itself unable to import apparel into Canada and international sourcing efforts were abandoned. However, change brought opportunity and the next period in the company's history was one of continued prosperity.

"As one door closed... another door opened directly as a result of government policy."

1976 – 1981

From 1976 to 1981 the company experienced great growth, and these were “extremely prosperous years” for the company. Because the Canadian government had frozen apparel import levels at 1975 levels, all growth in the retail apparel market was to the benefit of apparel companies manufacturing in Canada. Sales climbed from \$8 million in 1976 to \$14 million in 1981 (Love, 1996).

In 1978, the company operated three satellite factories in rural Manitoba and a \$750,000.00 addition to the Winnipeg manufacturing facility was opened (Robertson, 1991). To meet demand, the company also entered into subcontracting relationships with five additional facilities in Manitoba and Quebec. By 1979, the number of production facilities totaled nine - four company owned and 5 contractors. See Figure 2 for a chart of the company's organizational structure in 1979. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication. At this time, the company directly employed more than 400 people, with growth in employment primarily production workers (Robertson).

During this time period, Gemini manufactured and sold apparel only in Canada. Export sales were abandoned because the company was so busy meeting domestic demand for their apparel that it had no excess production capacity to meet export demand. The company's decision to produce

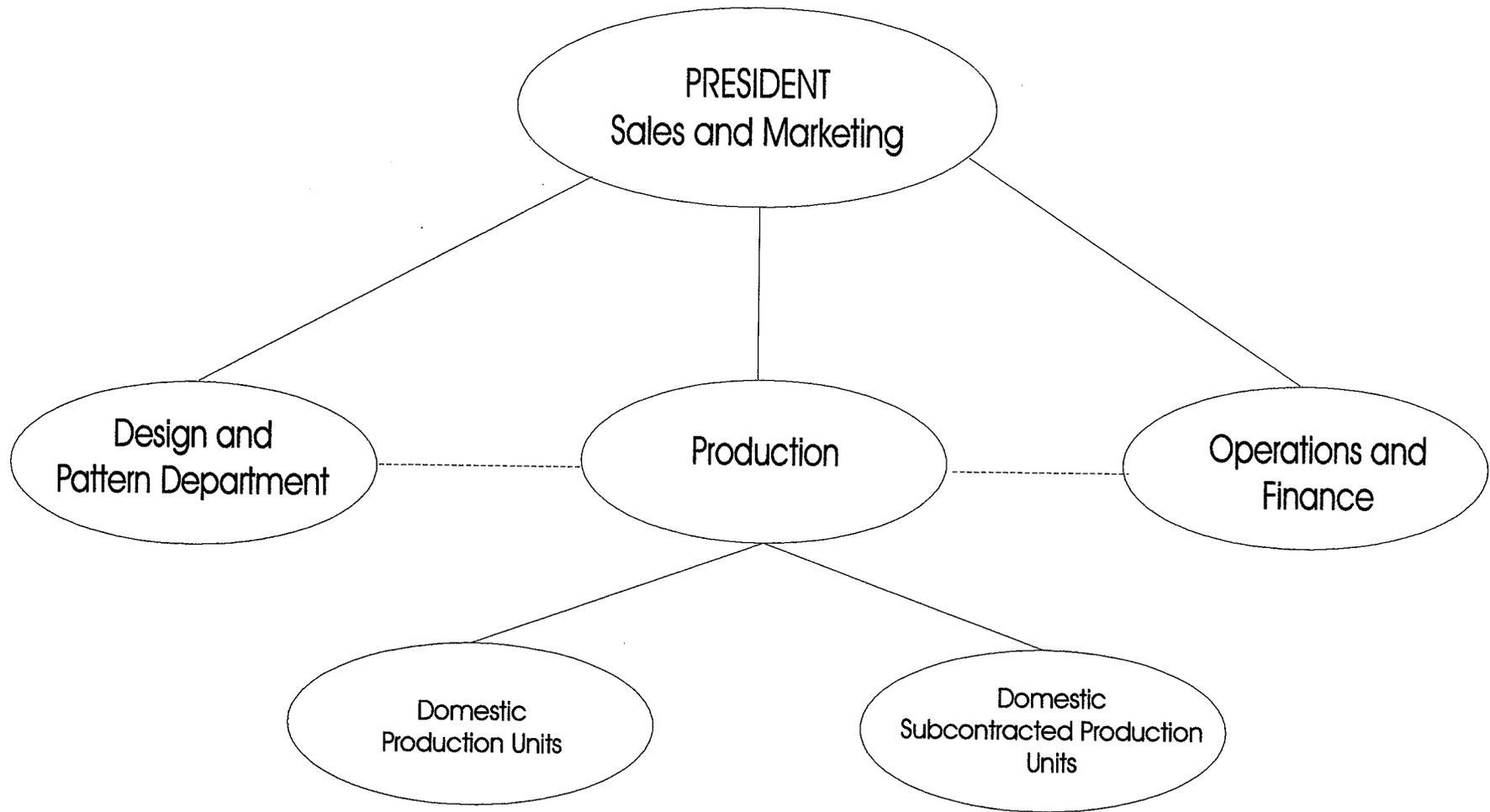


Figure 2. Gemini: Organizational structure 1979

domestically and sell only in the Canadian market was a result of the federal government's trade policy at the time.

"The period from 1976 to 1980 got us out of the export business and into the domestic business. Government policy again."

Reflecting back, the CEO feels that the years of import restriction imposed by the federal government created an artificial situation that sheltered the company from developments in the macroenvironment and did not prepare them for the challenges that lay ahead.

"You see we were now incubated ... from the change in world trading patterns. ... It was totally artificial. It was created by government policy – artificially created, structurally created. ...if you took that period of protection and just told people the way it was ...we would have kept pace ... we would have been able to maintain an international sales relationship with major customers and grown with them as well as develop our offshore capabilities at least ten years earlier. When we went in 1975/76 – that was absolutely the right time to do it. Our call was right on the money there."

1981 – 1985

The next period, from 1981 to 1985, was difficult for the company. In 1981, the five-year period of import restrictions imposed by the Canadian government terminated. The federal government, moving toward greater trade liberalization, began negotiating new trade agreements permitting greater imports of foreign-produced apparel into Canada. Gemini responded by lobbying against the regulatory changes in an effort "to maintain that status quo" because the previous five years had been so profitable.

During this time period, as the company lobbied the federal government, sales declined from \$14 million in 1981 to \$8 million in 1985 (Love, 1996, 1998). The number of production facilities shrank to one as contracting relationships were severed, the satellite factories in rural Manitoba were closed and employment shrank (Love, 1984). See Figure 3 for a chart of the company's organizational structure in 1984. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

"It was hard ... to see your business go down, to lay-off people, people who have been with you for a long time. ... not a happy occasion."

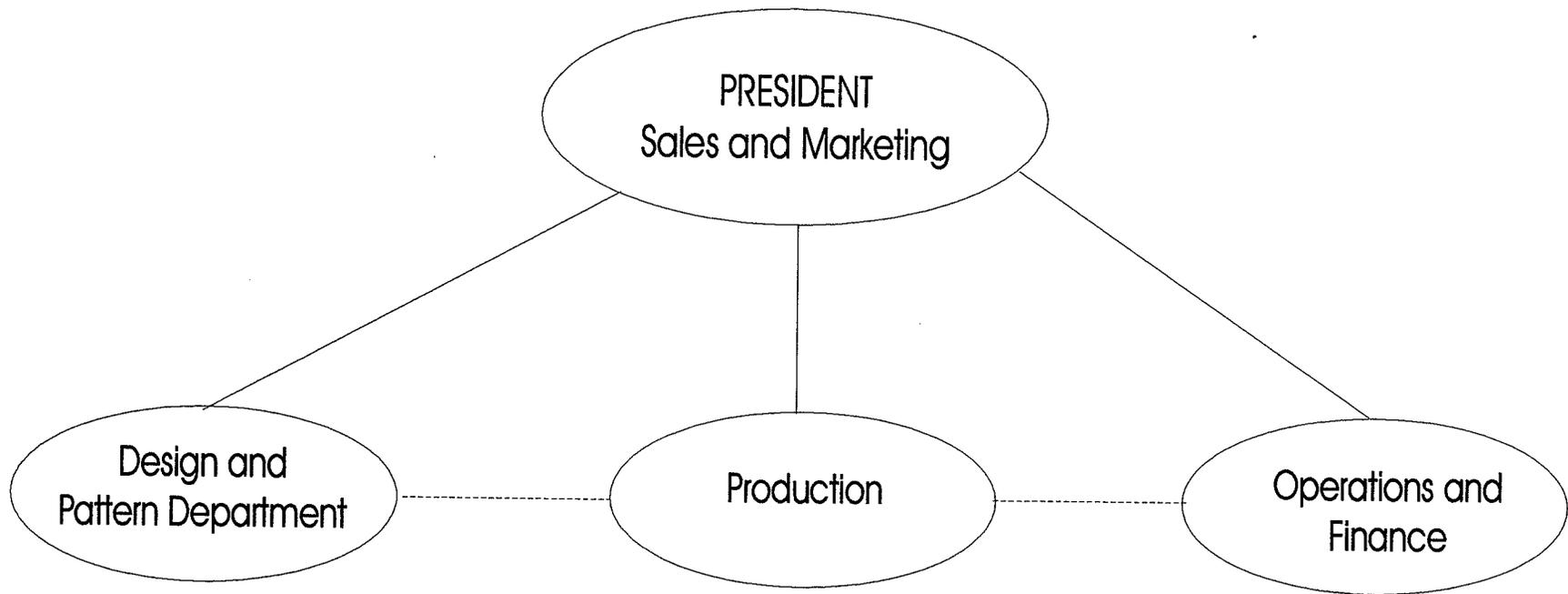


Figure 3. Gemini: Organizational structure 1984

Now, the decision to lobby for protectionism is seen as a strategic error in the company's history. Even though at the time, the company's efforts were met positively by government officials and they were led to believe "that something would be done", their efforts were futile. Trade liberalization was the wave of the future.

"In retrospect, ... when the government has it in their big picture to do certain things, they are not going to change for an industry or a company or lobby. ... the best thing you can do is to tell those people that ... will be affected, "wake up, changes are coming and prepare yourself" ... because there is still a way you can be successful under the new way but it will be different than the old way. ... In my case we did not effect any change at all. ...We lobbied from 1981 to 1985 – for four years. And we didn't change, we lobbied. And while we lobbied our business went down, down, down... and before we were out of business I went offshore to subcontract."

1985 – 1995

In 1985, Mr. Steiman went to Korea and "started off with a small program offshore". This was "absolutely" a critical time in the company's history. Although the company was still profitable, "the profitability level was getting down to quite

a low level – totally unacceptable to anybody that has a major investment in a business”. From 1985 to 1995 the emphasis at the company changed from manufacturing and selling domestically to selling in both Canada and the United States, and manufacturing worldwide. This strategic change in direction reversed the downward trend of the previous 5 years and “... Had we not done that... that was the turning point”, opened the doors to continued success.

“ The shift in our operating paradigm was the result of the changes that took place in the world trading patterns, liberalized quotas on imported apparel and the high tariffs that continue to be charged on imported fabric by Canada’s apparel manufacturers. These changes, while curtailing opportunity in one area, opened doors to new opportunities.” (Love, 1996, p. N 5)

This period of transition from manufacturing domestically to manufacturing worldwide was a time of rapid change and expansion for the company. Sales over this time period increased from \$8 million to \$40 million.

“Now our business from 1985 to 1995 went up by eight fold – 800 per cent in that ten year period. We ended up employing more people in 1995 than we did in 1985 in Winnipeg.”

The total number of employees increased over this time period to 325, even though the number of production workers employed at the domestic manufacturing facility remained constant (Love, 1996).

Developing a sourcing network. Initially, Mr. Steiman went to Korea, purchasing finished garments. A Korean agent and one other person at head office in Winnipeg completed the initial human resources dedicated to outside sourcing. See Figure 4 for a chart of the company's organizational structure in 1985. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

"So, we started ... my technical aid here was Stuart because he was a guy who was very meticulous on detail ... I would go and make the arrangements on the products and Stuart was ... the technical side here and that was it. ... I hired an agent in Seoul to do the inspection certificates and process and so on and he was making sure that I wasn't going to be plugged in with rotten factories because his livelihood would be affected immediately by that. ... we developed some very, very good relationships ... in Korea."

After the first year of sourcing finished apparel offshore, another senior executive at the company joined the company president in managing this

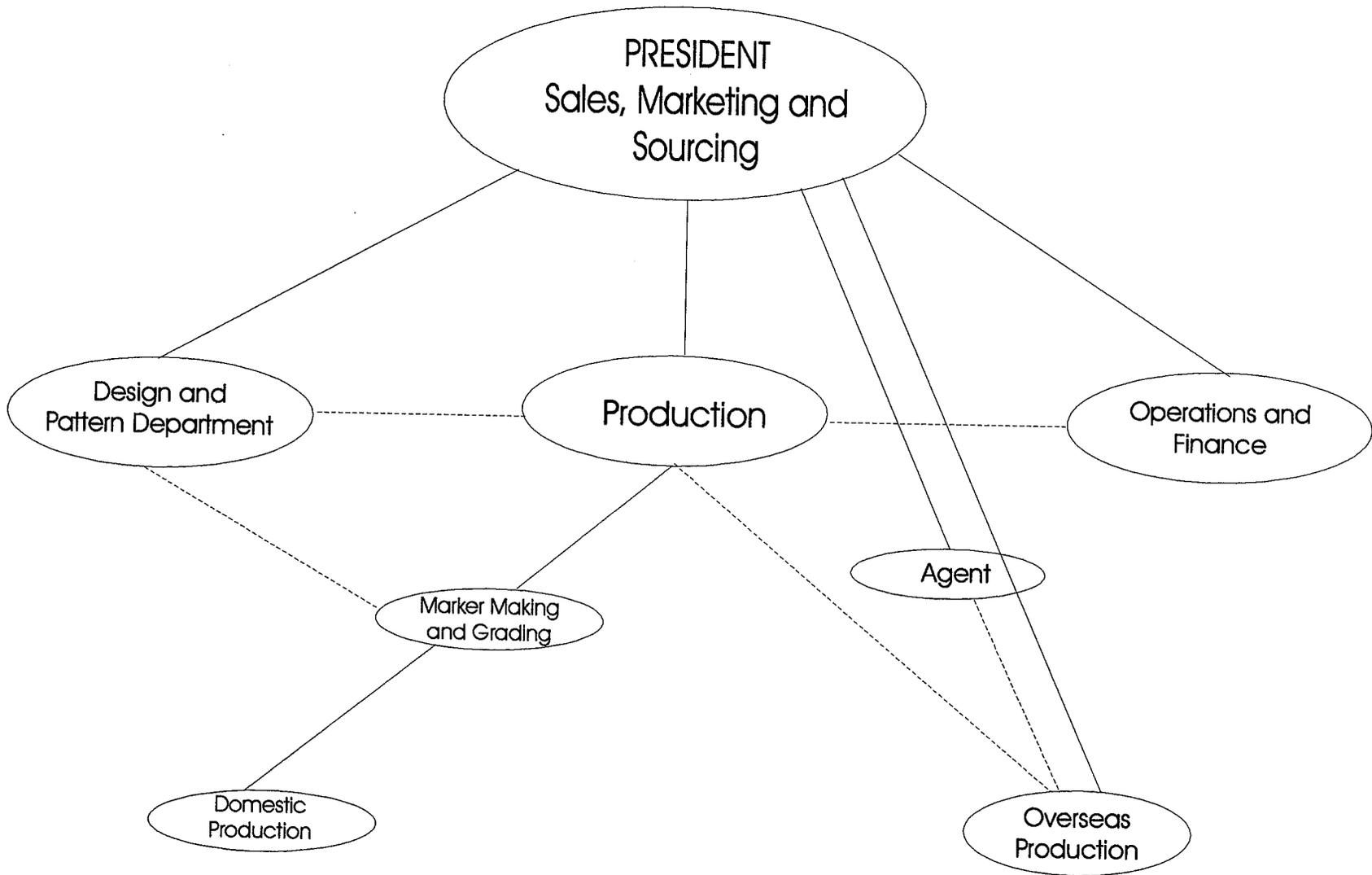


Figure 4. Gemini: Organizational structure 1985

rapidly growing area in the company. As the strategy quickly proved itself as the needed change to put the company back on track, the company began to expand the human resources and the network of subcontracted manufacturing facilities in the Southeast Asia region.

"Then we went to Hong Kong and in Hong Kong we worked with companies that were making in Indonesia. ... you'll learn and you say, "Well, I don't need to have somebody that is sitting in Hong Kong that is going to take my business and then subcontract it to somebody in Malaysia or Indonesia. I'll go there myself." So, I went there myself. ... After the first year or so, Perry started coming along too and then he would go himself ... you keep involving more people ... Perry and I essentially would do the import runs ... we went to Indonesia, we went to Malaysia, and we maintained in Korea and we had some minor making in Hong Kong. ... makers in Hong Kong would have subcontractor facilities in China. "

"...So Malaysia, Indonesia ... became more sophisticated and then we would take opportunities to go ... into some undeveloped countries like Bangladesh. ... in Bangladesh we had a little different arrangement in that we tied up with an American importer that was manufacturing in Bangladesh and we used his facilities and we paid him a charge. ... but we learned – we learned how to

deal in Bangladesh. It was very low cost and they had to have a lot of nurturing – a lot of handholding, a lot of support but we were able to do that. And from Bangladesh we got into Sri Lanka ... into India. And then ... a guy - talk about networking – came to a trade show in Las Vegas and he was from Vietnam. He made garments and Jean said, "I'm not the guy to talk to. You have to come to Winnipeg." ...and... we started with him. He was an Australian operating in Thailand. We also went to Thailand"

Organizational structure and human resources development. In 1986, management restructured the company's sales and marketing functions and created four major divisions: Children's, Women's, Men's, and Sports (Love, 1996, 1998). See Figure 5 for a chart of the company's organizational structure in 1986. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication. Sales began to increase by 50% a year; by 1991 sales were \$30 million (Robertson, 1991). In 1991, to manage the increase in business, head office in Winnipeg was not only expanded by 12,000 square feet, but warehouse space at head office was converted into administrative, technical, design and sales offices and an additional 40,000 square feet of warehouse space was leased to create a new distribution centre. The company now employed 300 people and subcontracted the manufacturing of apparel to 23 factories in Southeast Asia as well as continuing to manufacture at head office in Winnipeg (Robertson).

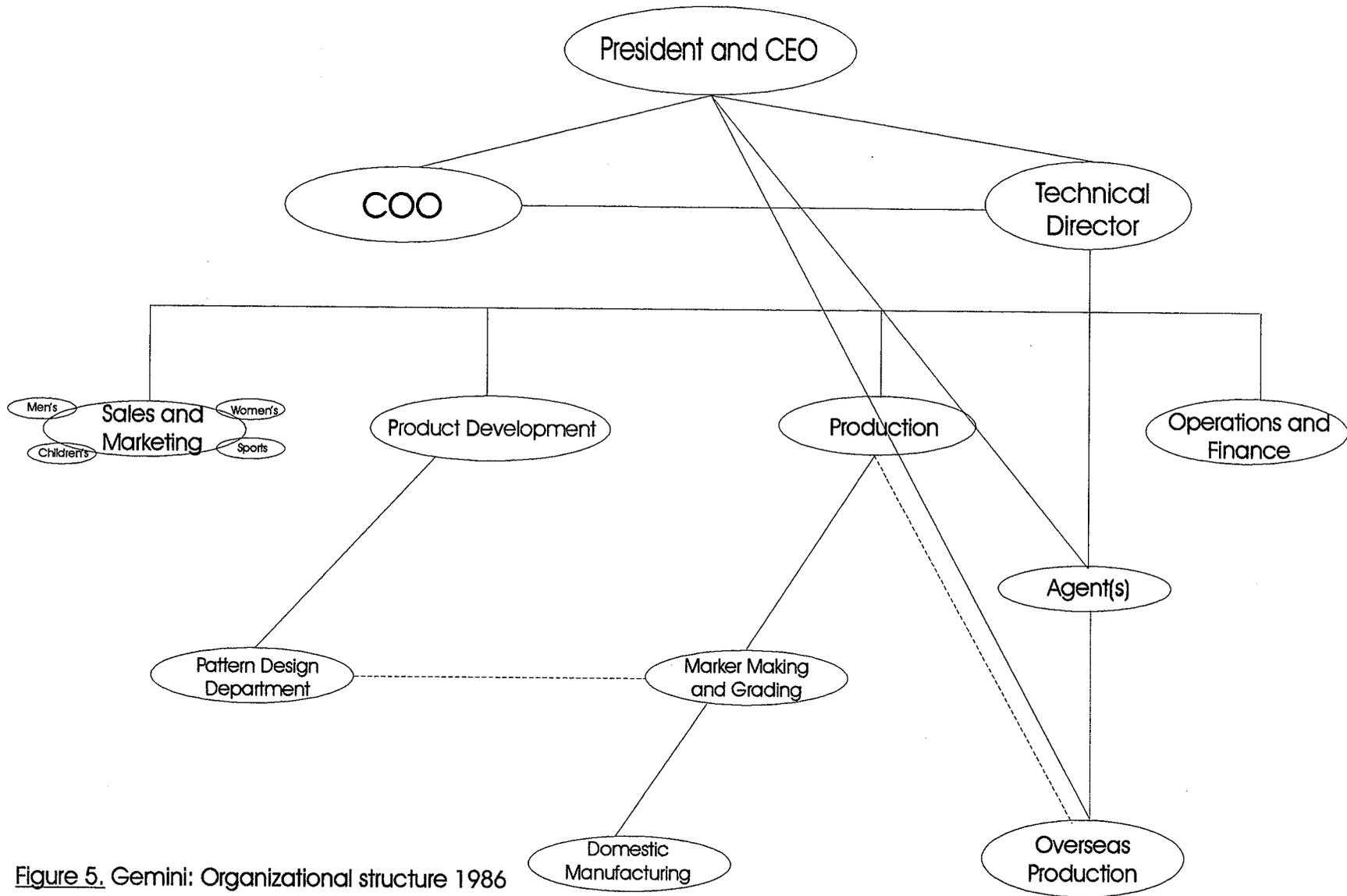


Figure 5. Gemini: Organizational structure 1986

The change in strategy to offshore manufacturing precipitated a dramatic change in the company's human resources needs as they developed the organizational structure necessary to support a world wide manufacturing operation.

"We ended up employing more people in 1995 than we did in 1985 in Winnipeg in all areas of the business except cutting and sewing. Because we do all of the technical work here – all the distribution, all of the design work, all of the administration, finance – all the front end ... necessary to support the cutting and sewing (offshore) factory operations, - is done essentially in Winnipeg. And including all the shipping, distribution ... we have a distribution centre that is larger than our factory and our administration and our design building combined because they are distributing product from all over the world to all our customers in North America."

Initially, the sourcing of inputs, such as fabric, and findings such as zippers, and preproduction activities such as pattern making, grading and marker making were completed by the various contracted manufacturers. During the time period from 1985 to 1995, the company gradually began to develop the human resources and organizational structure it needed in order to source its own inputs and handle the preproduction activities for the apparel

manufactured offshore at head office in Winnipeg. The company also began to replace agents with strategically placed regional company representatives in Southeast Asia to facilitate the manufacturing of apparel offshore.

"Our sewing floor is the same size but our business is eight times bigger.... Now, it's not how many sewing machine operators. ... Now... we have up to 80 people in our distribution centre. ... we have in our design and sample making area... 60 people... between the pattern makers, markers, graders, sample sewers, designers, merchandisers..."

As "we learned", the structure of the company changed and evolved as rapidly as the meteoric growth in business. Because of the rapid pace of change it is impossible to accurately chronicle this period of flux and shift in operating paradigm. What can be accurately described however, is the result of this period of evolution and rapid change and growth.

"We changed and we started again from '85 to '95 and then beyond we operated essentially the same way."

1996 and Beyond

By 1996, the transition to worldwide manufacturing and shift in operating paradigm was complete. Over the previous ten-year period, the organizational structure and human resources had been developed to support the new "operating paradigm" of "importing labour by definition basically is what it is."

"What we do ... in our business we don't 'source' finished garments. We go and subcontract production to makers in different regions of the world. To us that phrase "subcontracting to makers" is subcontracting production – cutting and sewing."

"We go to the maker with everything done – all of the patterns, the specs, the markers and with all the details of the inputs and costs thereof..."

The shift in operating paradigm was company wide, encompassing all four divisions.

"The practices that we use (across all four divisions) are basically the same thing ... subcontracting the labour - the cutting and the sewing... we do all the design work, all the 'specing' and all the sourcing of the inputs from Winnipeg."

Organizational structure and human resources development. By 1996, an Import Division had been formally established. Production was divided into Domestic Production and the Import Division, with each division reporting to the Chief Operating Officer (COO) and having its own support network. Two import managers, as well as the Technical Director, traveled the world overseeing the subcontract manufacturing operations (Love, 1996). See Figure 6 for a chart of the company's organizational structure in 1996. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

"From here we go about nine man month trips –meaning three guys going three weeks to a month, five weeks sometimes, three times a year. But they don't all go together. They go individually. Sometimes in twos, sometimes in ones. But not in three. Perry, Harold and Dave do all that ... then there is a whole backup here for support for them in the technical area and in the logistics area and in the administration and spec unit and so on."

By this time, the company had completely discarded the strategy of using agents to facilitate the manufacturing of apparel offshore in favour of company representatives reporting to the Import Managers. By 1996, the company employed 10 sourcing representatives in strategic locations in Asia and other places of the world to represent the company's interests (Love, 1996). In one critical location, a four- person office was opened.

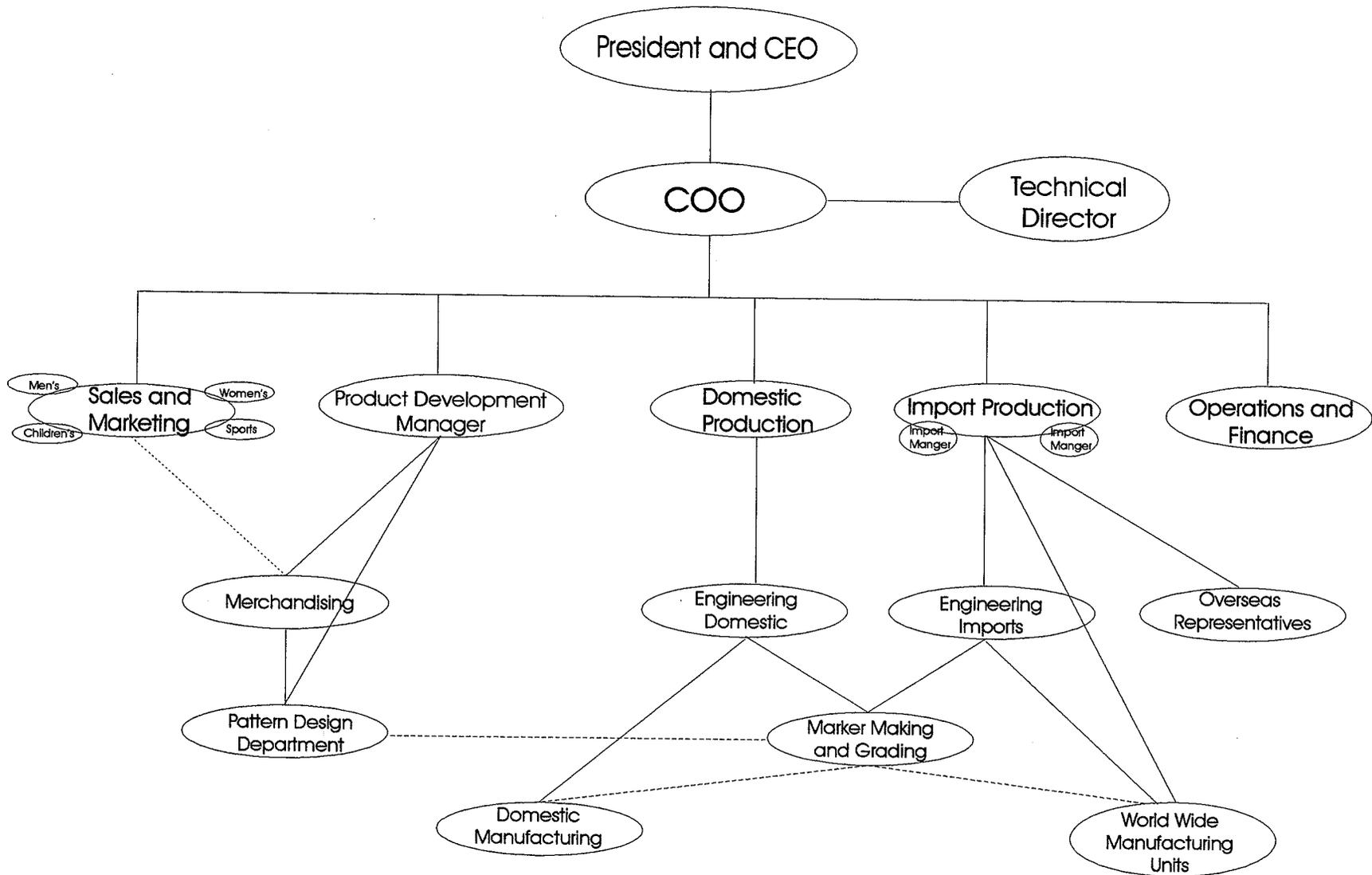


Figure 6. Gemini: Organizational structure 1996

"We have hired people over there – representatives that will deal with the administration part of our business. We do so much manufacturing right now in Bangalore that we hired representatives there that only work for us to make sure that the administration of our business there – that the inputs come in properly and on time to get cleared through customs and what have you. ... We are genuinely manufacturing in these regions with people that check quality, with people that facilitate administration in the market place to know which makers are able to produce our product."

By 1996, the company had the organizational structure and the human resources in place to source all its own inputs such as fabrics and findings such as zippers and all preproduction activities such as pattern making, grading and marker making for the Import Division were now done in house. These changes in operation changed the company's needs in terms of the expertise required of the subcontracted manufacturers. They no longer required a manufacturer to source fabrics and findings for them or to make patterns or markers.

"We go to subcontractors that have skills at cutting and sewing. ... We are looking for a different type of subcontractor. We are not looking to go buy garments from somebody. We are looking to buy as an extension of our factory. If you go in our factory

downstairs, you won't see showrooms – that's for the front end. We are looking for people that just have factories...”

As well, due to the organizational structure and human resources developed over the past ten-year period, Gemini was able to provide engineering support for those subcontracted manufacturers that needed assistance and nurturing. This allowed them to develop relationships with manufacturers that they otherwise would have had to bypass because of the manufacturers' lack of expertise and infrastructure.

“We always had to deal with people that could do what we knew how to do –how to cut and sew our product and do it with quality and reliability. In other words that they didn't over-estimate their capacity and we would assist...as time has gone on... them in the engineering side, (as) we have a number of people involved in our offshore.”

“It was very low cost and they had to have a lot of nurturing – a lot of handholding, a lot of support but we were able to do that. ”

Although in the beginning of the transition to worldwide manufacturing the company operated without the organizational structure and human resources devoted to the offshore manufacturing of apparel, now, without it the

company would have to operate differently. "Now, whether that would be better for us or not, can't say for sure, but I don't think so since the ability to control as much of our destiny as possible would be out of our hands."

"People who start off today in the business, they don't have all the organizational structure that we have. They go and they do. They do what we did at the outset and they find people that have the skills. This is not the only way to operate."

A Worldwide Sourcing Network in Operation

Gemini has successfully completed the transition from domestic manufacturer to worldwide manufacturer. The result is the organizational structure and human resources necessary to support an extensive worldwide sourcing network that is constantly evolving and that requires constant monitoring.

"Constant monitoring. Constant monitoring. The logistics in our business are enormous. It is constant monitoring ... And the minute you let up on your monitoring, that is when you will get blindsided right away."

The company also constantly monitors world trade patterns as they greatly impact the company's production location decisions. The import managers travel the world overseeing the extensive sourcing network the company has developed, "with our antennas up always looking where the trading patterns are, (and) where is the action going... ". As a result, the regions the company has looked to in the past for subcontracting the manufacturing of apparel has changed.

"Our off shore subcontractors facilities... in the period of 85 to 95 changed.... They went from Korea, Hong Kong, Taiwan, Indonesia, Malaysia. ... to Sri Lanka, Bangladesh, India, China, Vietnam. We are not in any of the first five; we are in the second five. So, you have changed the grid. We are with our antennas up always looking where the trading patterns are. Where is the action going and not saying we have a comfortable supply here ... Korea is a nice guy and we are going to stay with him forever. End of story. It doesn't work that way because that nice guy in Korea is no longer there. He is manufacturing in Vietnam."

"We moved from regions in South East Asia to another five. That had nothing to do with relationships, that had to with changing trading patterns..."

The company expects that world trade patterns will continue to change and, as a result, continue to influence production location decisions.

“The very nature and transformability of the high labour intensive and low capital requirement means that sourcing areas will shift. Globalization and government policies will have a significant effect on where we produce in the future – although India, China and Vietnam will be prime areas for world apparel production.”

As well as regional production location decisions, within-region decisions are made regarding individual subcontracted manufacturers. At this level, the decision making process is guided by five conditions: quota, capability, capacity, cost and compliance.

“There are five principle conditions. The magic is in these five ...the first thing is quota. If a maker is the best you have ever seen and the cheapest you have ever heard and is the nicest guy you ever want to meet but he has no quota, you are wasting your time because he can't ship to you. So, first is quota. The next thing is capability. You have seen the guy with the biggest factory but he is totally incapable. So, you have to establish that he has the capability to do what you want him to do. The next one is capacity. He may have great capability and have a great big

factory but he has committed all that capacity to someone else and there is none left for you. He is entertaining you because he wants to meet you and he wants to put you in his back pocket for a rainy day, but he really has no capacity left; he is already committed to somebody else or others. Now, the next thing is cost. Because at the end of the day, he's got quota, he's got capability, he's got capacity, but his costs are higher than what need to successfully sell in Canada and the U.S, there is no opportunity there. And the last, is compliance. And compliance is that the guy practices good ethics, good human conditions... he is willing to comply with our requirements on those issues as well as delivery and so on. So, you know, compliance encompasses reliability, ethics and the whole thing. So, you have quota, you have capability, you have capacity, you have costs and you have compliance."

The relationship the company has with individual manufacturers can also change and evolve over time in response to the company's capacity needs.

"Sometimes the arrangement changes between us and our suppliers over time ... the region will change, the maker will change, the degree of involvement will change as they get better ...Before we used to deal with over 30 subcontractors. Now we

deal with a dozen. We make more garments with 12 than we used to make with 30. Because you focus on those and some you work with all year round. We ... take a larger percentage of their capacity and develop a stronger relationship with fewer. ...Three years ago we grew our business very dramatically. We grew 35% in a year. We basically had to go out and find new makers on short notice. Somebody had to find new makers because our traditional ones didn't have the capacity, didn't have the quota for this big surge in our business."

The next major global regulatory change is in 2005, when, according to the Uruguay Round of the GATT, quota on apparel products will be eliminated. The company is prepared for this regulatory change but realizes the removal of quota will come with its challenges.

"It will make it easier for us to establish significant partnerships with compatible foreign makers.... Gemini is well positioned to operate without quotas and will generally benefit from their removal."

"The removal of quota will also make it easier for our major customers to import directly – which they do already. But, our objective and raison d'être is to add value beyond the costs we

must incur so that we will indeed be able to maintain some worthwhile level of business with our major customers.”

The Benefits of Worldwide Sourcing

The company has benefited greatly from the change in strategy to worldwide manufacturing. Without changing strategy, they would not have had the competitive cost base nor the production capacity to meet the growth in demand they have experienced since 1985. In fact, without the change in strategy they are doubtful that the business would exist - "...if you don't do it, you wouldn't have any business here at all."

"Well, the benefits are that you have a capacity that is so – well, right now, let me turn it around. If you didn't source offshore and we had the same volume of business, assume that we say, okay, we'll pay whatever you need. You couldn't produce it here. There is no unemployment in the apparel industry in Winnipeg, in Manitoba. So, I'm not sure if we could ever get it. So, what it means to our business is that we have been able to grow eightfold from '85 to '95..."

Gemini has also discovered that there are greater synergies to be found in the complementary strategy of the "combination of Canadian expertise and Asian labour costs".

"One supports the other. We are working offshore with people that don't have the front end of their business that they need to have, so that two halves are greater, or the whole is greater than the sum of the parts. And that is what it does for us."

The benefits of this combination are viewed as extending far beyond the company itself or "the small picture" and having both local and global implications. At the national level, utilizing this strategy has enabled Gemini to provide employment in Canada that otherwise would not have been possible.

"On average, over 40 per cent of the value of our products are Canadian value added. Without the complimentary [sic] combination of Canadian expertise and Asian labour costs, there is little likelihood that any Canadian jobs would be involved in this venture." (Love, 1998, p. xii)

There are also benefits for the North American consumer. Because of lower manufacturing costs offshore as compared to Canada, the company has been able to reduce prices and is better able to control costs. The cost benefit

reflected in lower purchase prices has been passed on to the North American consumer. The consumer benefits because as a result of lower manufacturing costs, the company has held prices below the rate of inflation.

"We are much better off as a company and as an industry by combining – and as a nation. If you look at clothing prices – if I go back and see what we charged in the 1970s for kid's jackets and ladies' jackets and what we charge today. It is lower today in today's dollars than we were charging in the 1970s, in the period of inflation..."

At the global level, the company realizes that there are significant economic benefits for their trading partners and are aware of the impact their actions can have in less developed areas of the world.

"The big picture is when you see the wealth that is created worldwide and you see the incomes of the trading countries, you see the average annual income going up. We are talking about macro economics where you see the enormous impact it has on their ability to improve their lot, their lifestyle and to afford things that we consider to be almost necessities in our eyes."

Risks of Worldwide Sourcing

Along with the benefits of worldwide manufacturing come the risks of conducting business in foreign regions of the world. The risks are considered to exist at both the personal and business level. The employees who are travelling overseas from head office are considered to be at risk personally and precautions are taken to ensure their personal safety.

“There are added risks to it. ... we are dealing in countries that have varying levels of stability, personal security, corruption. ... you don't involve yourself in that but you are still exposed to it. I know we try to take precautions and stay at the best places and be chauffeured around.... I don't walk anywhere where we become targets or you could be a target.... And so downsides are the risks one has to take in doing business in these regions of the world. They are different cultures; different places and they have been doing these things for thousands of years.... So, yes, trade brings with it certain risks...”

There are also business risks involved with developing relationships with new manufacturers. The company must first develop the confidence in a supplier's compatibility in terms of quality, quantity and capability of manufacturing to company specifications. This trial and error process of finding

compatible suppliers and developing the confidences in them is time consuming but essential.

"You have to take some risks when you are dealing with new people because until you are ...working with them, ...you don't know the good ones from the bad.... It is easy to go and look and see what they are doing ...that is not a difficult thing, but what is difficult is to see if they can do what you want done, the way you want it done and delivered on time. That is a difficult thing. ... We are unique in our own corporate personality ... so finding people that you can work with in a major way, it takes time.... it is a process of eliminating."

Measuring Worldwide Sourcing

It is critical for Gemini to be able to measure the success of their endeavors for, without reference points, the effort involved seems futile. Some measures the company uses are their competitiveness in the market place, accounting measures such as profit levels and margins and comparative year to year sales volume.

"Everything is a relative measure to what we did last year ... we have to be competitive in the market place and that is a

measure. We have to earn a certain amount of margin in order to cover our expenses and have any profit. So, that is a measure. What we did last year and what we are doing this year is a measure. We are measuring all the time. As a matter of fact, I would like to think that if we can't measure it we shouldn't do it because how will we know if we are winning."

Since its inception in 1971, Gemini has weathered many storms as it changed and adapted in response to its changing environment. The story of Gemini's path from domestic manufacturer to managing a world wide sourcing network is a compelling story of entrepreneurship. "... You have to be flexible. You have to be nimble. You have to be an entrepreneur." Now, Gemini can claim to be Canada's leading diversified outerwear manufacturer (Love, 1998).

Case Two: Western Glove Works

Western Glove Works was founded in 1921, in Winnipeg, Manitoba. Initially manufacturing leather gloves and workwear under labels such as Gauntlet Gloves, Treatemruff Riders Pants and Handy Andy Overalls ("Western Glove Works"), in 2000, over \$200 million in sales was generated by Western Glove's three divisions – Private Label, Silver, and Licensed Product and a U.S. subsidiary, Beach Patrol. And, they don't make gloves anymore. Western Glove Works is

now one of the largest manufacturers of blue jeans in North America and one of the largest apparel manufacturers in Canada (McCracken, 1998).

The Silver division develops three lines per year. Each line covers a wide product range including jeans and jean-type bottoms; tops including T-shirts, sweaters, shirts and polar fleece items; and jackets. Approximately 60% of these products are manufactured in Canada - 25% in Manitoba and 35% outside of Manitoba. The remaining 40% are manufactured outside of Canada in Korea, Mexico, Hong Kong, Guatemala, China, Vietnam, Macao, Pakistan and Mauritius.

The Private Label Division develops only bottoms made of fabrics such as denim, twills and corduroy to customer specification. Of the 85% of the product manufactured in Canada, 75% is produced in Manitoba. The remaining 15% are manufactured outside of Canada in Mexico and China.

The Licensed Product Division, Indian Motorcycle, develops two lines each year. The product range in this division is bottoms, both denim and non-denim; tops including T-shirts, sweaters and polar fleece items; and outerwear, including leather outerwear. Approximately 60% of these products are manufactured in Canada - 40% in Manitoba and 20% outside of Manitoba. The remaining 40% are manufactured outside of Canada in Vietnam, Korea and China.

Western Glove Works is a privately owned company run by Bob and Michael Silver, the grandsons and grand nephews of the original founders along with partners Ron and Norm Stern ("Western Glove Works"). Headquarters is still

located in Winnipeg at a 122,000 square foot state-of-the-art manufacturing facility built in 1987 ("Business and Industry Changes", 1987). Two additional satellite facilities that add another 100,000 square feet of manufacturing space are operated in Winnipeg. In addition to manufacturing domestically in company owned facilities, Western Glove Works now subcontracts the production of apparel across North and South America and has recently begun to develop a worldwide sourcing network for the production of apparel.

In 1981, when Western Glove Works was acquired by its present owners, sales were \$9 million ("Garment Manufacturers", 1996). In 1986, with employment estimated at 533, a new state-of-the-art manufacturing facility was built ("Winnipeg Garment Firm", 1986). The \$4.7 million facility was opened in 1987 ("Business and Industry", 1987). In 1988, the company purchased its U.S. subsidiary, Beach Patrol, introduced the Silver brand to the marketplace, and started a Licensed Product Division ("Clothier Adds Labels", 1988; McCracken, 1998; "Western Glove Works On", 1988).

The company flourished under its new ownership. In order to increase capacity to meet increased demand, the first satellite factory, complete with a sewing machine operator training facility, was opened in Winnipeg in 1991, creating 167 jobs and the main facility was expanded to create additional capacity ("Jean Maker Helps", 1991). By 1992, only 11 years after acquiring the company, the owners had propelled sales to \$47 million. By 1996, total company revenues were \$130 million - \$70 million generated by Western Glove Works and \$60 million by the U.S. subsidiary - and the company now employed

1,200 people in Winnipeg ("Garment Manufacturers Weave", 1996). Sales continued to trend rapidly upward and in 1998, the company generated a total of \$200 million while employment remained at 1200 (McCracken, 1998).

The organizational structure of Western Glove Works in 1988 is illustrated in Figure 7. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication. Prior to 1990, Western Glove Works manufactured all of its apparel domestically in company owned facilities. They began sourcing finished garments on a "small scale for sportswear items" in 1990.

"As an entire company we probably started sourcing imported garments nine or ten years ago for small license agreements that we have. That is, ... to augment the actual product that we were ... manufacturing ourselves."

The apparel that was outsourced was apparel the company was not able to manufacture themselves, such as sweaters. The company was sourcing finished garments, not production for the sportswear items. Because the company was not familiar with producing sportswear, it relied on the subcontractors to conduct all preproduction activities such as the sourcing of inputs such as fabric and findings and pattern making, grading and marker making.

"It always represented product that we weren't familiar with making and that ... represented a very small percentage..."

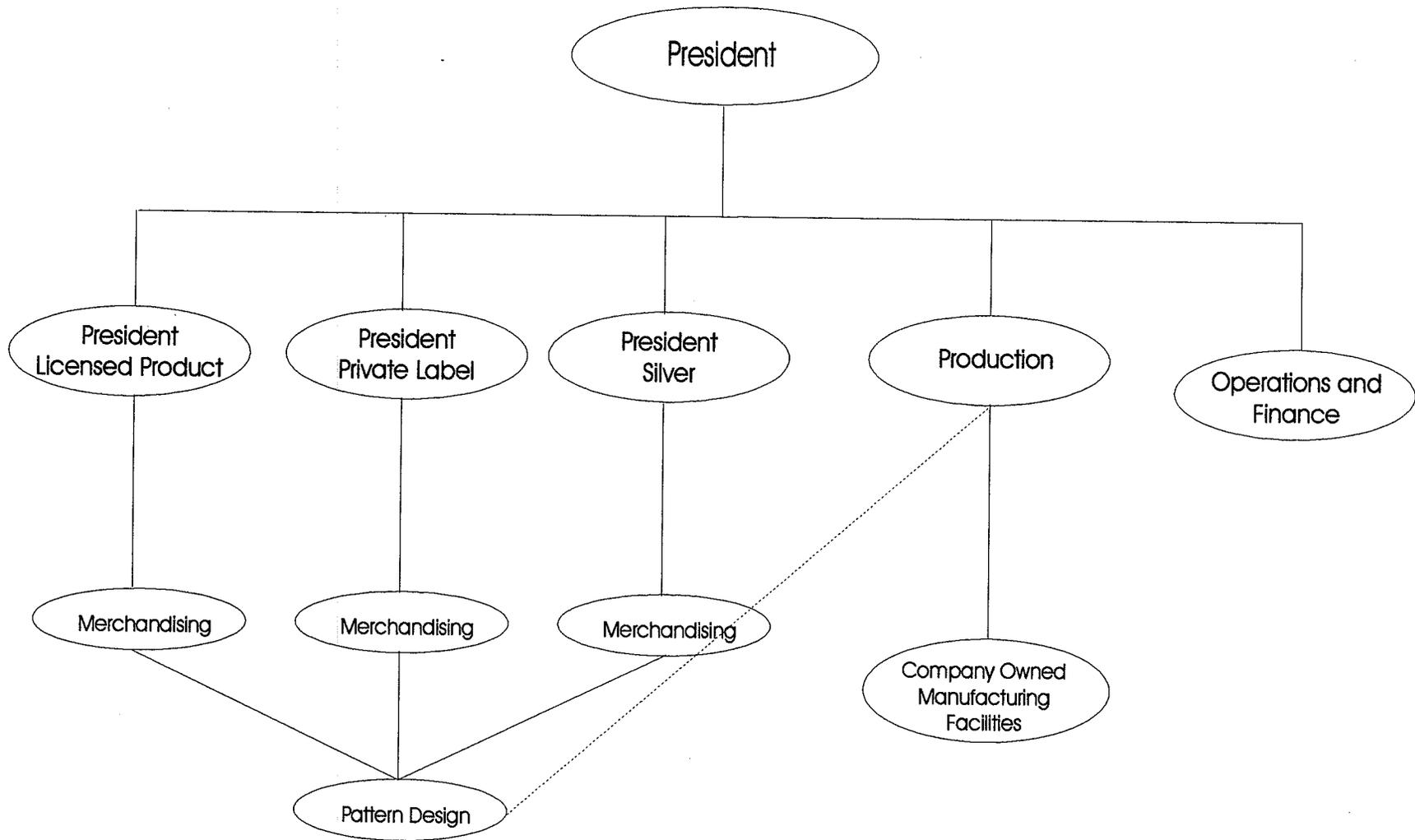


Figure 7. Western Glove Works: Organizational structure 1988

1998, under the direction of the President, Bob Silver, the company began to look beyond Canada for production capacity. "It started at very top", and,

"Primarily it was the inability to get enough product as opposed to ... the classic things (which is to) get product made that is more cost-effective than product you may be manufacturing in Canada. For us, the primary reason was (the) capacity issue."

"Critical moments make it sound like there was one decision. ... But there was a realization that there was a level of capacity that we hit in Canada and couldn't (go) beyond. And we kept ignoring it, ignoring it ... roll with it – add another 30 girls here, ... another Quebec manufacturer, add another quantity there and we just ... hit the wall and ...How can you increase the amount of (your) manufacturing (for) 20 to 25% increases... And so... that moment came when ... we hit the max ... And in terms of time it was about a year ago... huge difference in quantities of procuring outsourced products."

The company had found a solution to its supply problem. As a result, they were now able to address their customers needs more effectively.

"Having more product sourced outside the country allows us to solve our biggest problem in (our) relationships with customers ... supply to their demand."

However, Western Glove Works' strategy for the international sourcing of production for its main product line, bottoms, differed from the strategy initiated in 1990 for sportswear items. The company, when it initiated the sourcing of production internationally for bottoms, was not sourcing finished garments as with sportswear, but production. The company, for bottoms, did not require subcontractors to handle preproduction activities such as sourcing of inputs, pattern making, grading or marker making. Rather, the company was looking to subcontractors for production only and supplied the subcontractors with all inputs, patterns, markers and all product specifications including design, production, quality and engineering specifications.

The volume of production being contracted out continued to increase. By 1999, 50 % of the apparel sold by Western Glove was produced by subcontracted manufacturers (Edmonds, 1999). A supply chain network within Canada, the U.S., Pakistan and China had been developed and the company was in the process of developing a network of subcontractors in other countries such as Mexico (Barbee & Carlyle, 1999).

Organizational Structure Development

In response to the increase in the amount of manufacturing outside of Canada the organizational structure at Western Glove Works is evolving rapidly as "those kind of... issues have changed us." The organizational structure at Western Glove Works from 1998 to 2000 is illustrated in Figure 9. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication. The President of the company, Bob Silver, continues to direct all sourcing efforts, whether domestic or international, and actively participates in the procurement decision making process within each division. The international sourcing of production for both bottoms and sportswear items is managed at the divisional level, by the divisional Presidents, in conjunction with the company President.

"The president... it's part of his job responsibilities to be aware of all international sourcing as well as domestic sourcing – where a product is coming from... he is very much a part of each division's decision-making in terms of where we should procure product from... there is a hand down of information to the various departments whether it be to presidents in the divisions or the planning production coordination department. But usually he is making the first contact."

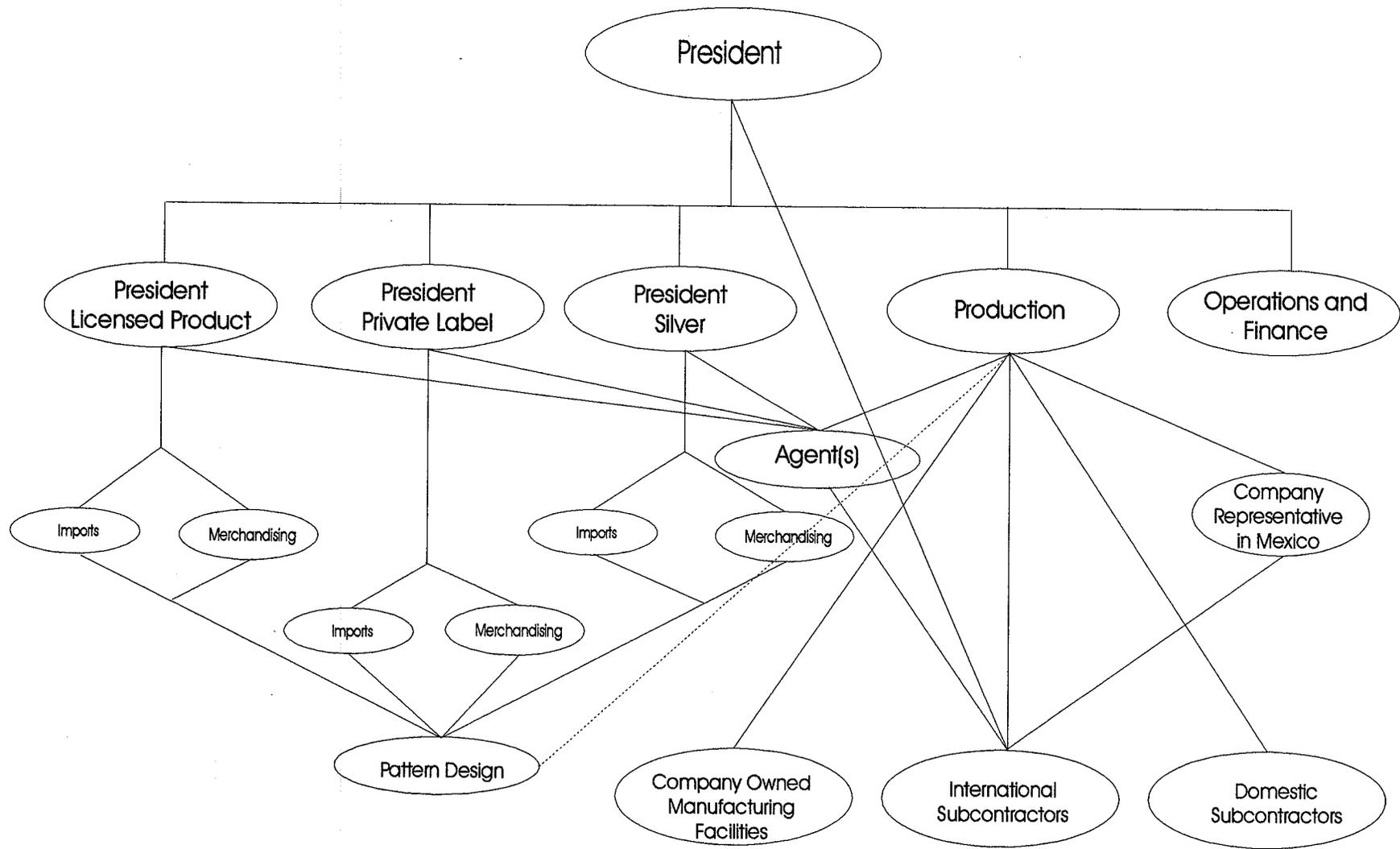


Figure 9. Western Glove Works: Organizational structure 1998 - 2000

Initially, when it was only sportswear items being sourced internationally, an assistant merchandiser was designated the responsibility for monitoring the outsourced apparel. As the volume of sportswear items increased and the company began to source production for bottoms internationally, import departments were created at the divisional level. These three departments were responsible for the day to day management and monitoring of the outsourced apparel.

"It grew from an assistant merchandiser sending POs to one or two sportswear makers to ... four people working full time in the area, maybe actually closer to five or six people working almost full time from all the aspects of 'specing' the products to receiving it, and duty, which distribution centres and all those things... organizationally, it has increased..."

Western Glove Works presently utilizes both foreign agents and company representatives to facilitate the manufacturing of apparel outside of Canada. In South and Central America, bypassing agents, the company "made our own inroads through doing our own work through our own departments here." Personnel from head office manage and monitor the subcontracting of production and travel to South and Central America. A recent addition to the organization is a local company representative responsible for quality control in Mexico.

"We do travel Latin America... they are in Mexico right now... they were Guatemala four weeks ago ... they will be in three factories in Mexico ... our own technical people ... we have a person employed in Mexico that checks quality. ... There's part of – it was never there before. And that really wasn't there until last year."

However, the company found that "it was more difficult for us to get around...travelling in Asia", and presently, in this geographic region of the world, the company's strategy is to rely on agents.

"We still to this day rely on agents to do our bidding and pay them than have our own people specifically located – specifically moving to all the different factories that we may work from..."

Initially, these foreign agents were facilitating the production of sportswear items. However, in 1998, when Western Glove Works began to source production for bottoms internationally, it turned to these agents to facilitate bottom production in South East Asia.

"A lot of them were people who we started with giving this tiny percentage of sweaters to – and they hung in there saying, "I want to do pants." We don't do pants off shore. We do pants here and now they are doing our pants. And so their commissions reduce,

reduce and reduce but their volumes increase, increase, and increase. And we have built some good relations with people – agents that I would have work for me.”

In the future, as the company’s sourcing network continues to evolve and develop in Asia as the volume of apparel produced there increases, agents will be replaced with “our own people” and Asia will be a destination for sourcing personnel from head office.

“We will have people to do the agent’s responsibility... we will travel to those countries... we will have people there.”

Human Resources Development

Precipitated by the change to the sourcing of production outside of Canada employment “has been more radically changing over the last few years than it has ever changed before”.

“From 1919/1921 to 1965 ... (to) 1970 it didn’t change much... It was always based on a few guys selling and a few (people) sewing, (then) a lot of people sewing... Then it changed to sewing being an important element but not the most important element.”

"Very quickly", almost every department at the company has been affected by the increase in manufacturing outside of Canada. The exceptions are those departments that are involved only in domestic production such as sewing floor supervisors and domestic production management.

"And then because it's such a large volume now, what we do involves our CFO [Chief Financial Officer] in his planning in terms of profitability and those issues... it involves almost every department except when it gets down to some supervisory sewing levels ... and production management here. But beyond that, the quality department is involved, the design department is involved, the fabric testing laboratory is involved ... even an engineering department and ... a manufacturing group because their expertise is what we rely on to tell us what we can and cannot make."

Although the total number of employees at Western Glove Works has not changed dramatically since 1996, the increase in levels of manufacturing outside of Canada has resulted in a change in the human resource requirements at the departmental level. The number of sewing machine operators has declined and employment is increasing in those areas affected by the manufacturing of apparel outside of Canada such as administration, distribution, planning, quality control, design and specification development.

Because there has been no drastic change in employment, there has been no resistance to the sourcing of production outside of Canada.

"We haven't really increased our workforce as we have (had) attrition within the sewing departments – not based on importing more product but just retiring or going to other places - we increased distribution and ... administration – those kind of areas that deal with the imported product... nobody has to worry about losing a job..."

"The 'spec' department has... three people and with just Silver, it used be just one. More specs needed quicker, need to get to importing situations quicker because of the timing, our levels are higher so those departments are increasing. And every department, like distribution has ... to be worried about what is coming from what country and how it gets handled ... so those kind of logistic issues ... have changed us. And we also have to plan differently.... That is the change."

Further changes in employment are envisioned for the company.

Employment is "going to grow because of importing – ... to grow because that is what we (will) be doing – is importing" particularly in those areas necessary to support the manufacturing of apparel outside of Canada.

"We will also grow in our 'specing' department in ... controlling every element of what the product looks like and the quality department will grow. And as well distribution... will grow, maybe not necessarily in the distribution centres but those responsible for traffic and movement of product worldwide."

Sourcing in Operation

At Western Glove Works, both finished and partly finished garments are sourced outside the company's own production facilities.

"To us, in our company, it means procuring garments that we will distribute to the market place from either Canada or other countries... they are not always 100% finished but most of them are close to being 100% finished."

The most critical part of the production process to source outside of the company's production facilities is the sewing.

"That would be the entity that we (would) make certain was sourced outside of our facilities..."

Because of the product category the company competes in, it is sometimes to the company's advantage to complete certain finishing processes in house.

"That could run the gamut from putting an additional tag on the box to putting an additional tag on the garment to, in some cases, laundering and washing them in (our) washing facilities – for jeans where laundry is inherent for the fashionability of the product – ... we may wash, finish, tag and distribute the product even if the product is internationally sourced."

Presently, the sourcing practices are different across Western Glove Works' three divisions. The differences are a function of the different size and focus of each division. In the Silver Division, the company has begun to source its own inputs such as fabric for production sourced outside of Canada rather than sending purchase orders for finished garments. However, in the Indian Motorcycle Division, a smaller and relatively new division at the company, primarily finished garments are sourced. Within the Private Label Division, sourcing decisions pertaining to production cannot be made prior to specification approval by the customer. As a result, the time line involved is usually much tighter thus reducing sourcing options. Divisionally, there is disparity in the amount of product manufactured outside of Canada. The Private Label Division sources 25% of its production outside of Manitoba and of that, 15% is

sourced outside of Canada. The other two divisions both source approximately 40% of production outside of Canada, but because the Silver Division is significantly larger, the volume sourced outside of Canada is greater.

Within the company, a set of criteria is used to assess different sourcing options. Along with an assessment of the acceptability of a region, the cost, capability and reliability of individual manufacturers must be assessed.

"A list of items... not in (any) particular order. Price is an issue, ability to deliver the type of commodity that we want to have made, deliver it within the timeframe that we need ... also consideration of country-friendly, North America being our market – there is a certain tendency to want to bring product from countries that are admissible to both countries at the same time so that we can share the inventory because if you are dealing in two countries you have to keep the inventories separate. ... Those are the criteria that we go through. Usually you don't get to anywhere if the price isn't within the realm – or if they can't do the product. ... Then we tend to work around the other problems ... if it's too far away or too slow, to plan it earlier if those other two are met or ... keep separate inventories ... if the rest of the criteria can be met then we will live with having two distribution centres...."

Rewards, Benefits and Risks

Although initially Western Glove Works began to source production outside of Canada in an effort to solve their capacity problem there have been unexpected rewards and benefits. Finding a solution to its supply problem has allowed them to grow their business substantially and at the same time grow more profitably because of lower production costs in other countries compared to Canada. "We are rewarding ourselves through our margin."

"There is no question that we are taking advantage now of both issues, getting more capacity and ... at a better price. And ... requiring the capacity opened up the whole investigation of prices that we were ... aware of but didn't want to admit. You just can't help but notice some of the more cost-effective countries to deal with than Canada."

Because they are no longer scrambling for capacity, another benefit has been the ability to service their customers faster. Again, this has resulted in increased business for the company at higher profits levels.

"Better margins and greater turnover of inventory because ...we can supply the market quicker- turnover at retail level has been the obvious advantages that have allowed us to grow. And ...

grow more profitably. Certainly the last six to eight months have been more profitable than any other...”

Internally, the company has been able to reward employees in the departments involved with the sourcing of production outside of Canada with greater opportunities for advancement.

“It is the fastest growing area for an individual to work in.... Internally, people just starting ...at this place – that is the part of our company to work in... ”

Some of the risks such as the lack of control over quality and product, the increased time needed for planning and communication problems are inherent in the greater distances involved when sourcing outside of Canada. The company also takes greater risks because of the greater minimums generally required by the subcontracted factories.

“The time lag. It takes too long. You have to make too many and ... gamble and distances are difficult (in order) to check quality of product. ... If you can't travel to see these people a lot, they can't understand what you are really after – for us, almost all divisions are selling (on a) product basis rather than marketing basis ...it is all

in the product... so the distance for manufacturing can be tough..."

This "gamble" is compounded because of the added time requirement that must be built into production planning schedules when sourcing outside of Canada as opposed to in Canada.

"The beauty of domestic is ... no boat. It is as simple as that...the only advantage ...(domestically is) in terms of timing ...you can plan in a week what may take you weeks (sourcing outside of Canada) ... in terms of planning development, pattern, everybody understanding it, long distance issues."

Future Considerations

Western Glove Works is of the understanding that it must further develop its sourcing capabilities. The company is on a steep learning curve and has undertaken to let "experience" be its guide in developing the organizational structure and information systems necessary to support an effective sourcing strategy. The company feels strongly that its knowledge base is currently insufficient and must be further developed. There are two areas in particular where the company is insecure about its depth of knowledge. One area is its

ability to monitor world trade patterns. The second area is its regional intelligence as far as reputable factories to deal with.

"There is no question we need more knowledge ... what countries and duties and restrictions and laws. ... And also you can't make a product based on reputation or on a particular country or a particular facility... we know we need to be more educated about what are the countries ... because it changes daily.... The appropriate countries to deal with and ... the micro of that ... which of the particular makers within those countries is important ... we need to improve on our knowledge of ... those areas more than anything else ...for international sourcing. "

However, the company's 80 years of manufacturing experience is a considerable asset when developing sourcing relationships and dealing with other manufacturers.

"Fortunately we possess a different expertise which is that (Western Glove Works is) still manufacturing..."

The next major global regulatory change is in 2005, when, according to the Uruguay Round of the GATT, quota on apparel products will be eliminated.

Because of the change in production strategy the company is in a position of readiness and will be well positioned to manage the competitive environment resulting from the removal of quotas.

"It will impact us far less now than it would have ...two years ago."

The further opening of source markets as a result of trade liberalization will also present a challenge to the company as its customers, retailers, gain the expertise of developing and sourcing product themselves.

"Western Glove ... represents a certain intellectual ability to take a retailer and a product concept and put it together. More and more retailers are gaining that experience on their own"

Precipitated by the forthcoming change in the global regulatory environment and its recent experiences sourcing production outside of Canada, the company's emphasis has changed.

"We were aware it – the removal of quotas. We must own the intellectual abilities... – not the manufacturing facilities..."

Historically strictly a manufacturer, the company has changed the value it places on certain "skill sets". Rather than depending on its manufacturing

capabilities, the company views future success as intricately linked with the company's ability to successfully manage the supply chain.

"I would rather be dependent upon my ability to get stuff made the way I think it should look and sell it ... than to tinker and to make it."

"We have been (an) owner for 80 years and it is ... easier not to be an owner."

To continue to rely and be dependant on both the availability and cost of labour in the domestic market for its continued success is not an option for Western Glove Works especially because of the "global market place in terms of sourcing production."

"Good sewers are good sewers and if how much you pay them is the determining factor in whether the product will sell or not, then you are going to be in trouble."

Over Western Glove Works 80-year history, it has successfully faced many changes in its competitive environment. The growth Western Glove Works has experienced recently "is truly phenomenal" as the company evolves and changes yet again. Western Glove Works is "committed" to the continuing

development and evolution of its sourcing capabilities. The past two years are only just the beginning of another chapter in the long history of the company called Western Glove Works.

CHAPTER FIVE

DISCUSSION

This chapter contains the results with reference to objective two - to determine if the evolution of sourcing practices of selected Manitoba apparel companies follow the taxonomy of global sourcing development by Monczka and Trent and; objective three – to determine a company's position within the taxonomy. First, in order to fulfill the above two objectives, each case will first be compared with the taxonomy of global sourcing development by Monczka and Trent using pattern-matching strategy (Yin, 1989). Then, cross- case comparative analysis will take place. Finally, the researcher will point out empirical evidence that support findings reported in the literature review.

It was not possible to comment sufficiently on one aspect of Monczka and Trent's (1991) taxonomy, that is, the measurements and rewards systems characteristic of phase four. There was insufficient access to information such as financial statements that would allow the researcher to provide evidence for or against this characteristic.

Case One: Gemini

In this section, the evolution of sourcing at case one, Gemini, will be compared to the taxonomy of global sourcing development by Monczka and Trent (1991). For the purposes of comparison from an evolutionary perspective,

Gemini's second foray into global sourcing beginning in 1985 will be considered. Gemini's first foray into global sourcing in 1975 will be discussed in the section examining empirical evidence from both cases that support findings reported in the literature review

Gemini: Phase One - 1971 to 1984

Table 2 illustrates the degree to which Gemini's sourcing characteristics agree with Monczka and Trent's (1991) taxonomy. From its inception in 1971 to 1984, Gemini's sourcing practices were characteristic of phase one. The company manufactured all its apparel in Canada either in its own manufacturing facilities or in subcontracted facilities in Canada. During this time period, when Gemini was faced with the need to increase capacity to meet the increased demand for its apparel products, it sourced domestically, subcontracting production within Manitoba and Quebec.

According to Monczka and Trent (1991) a firm progresses to phase two and begins sourcing internationally as a reaction to "triggering events" in the marketplace such as increased foreign competition, inadequacy in the domestic supply market, changes in currency rate exchanges and competitive advantage accruing to competitors due to foreign sourcing. The "triggering event" which forced Gemini to evaluate its sourcing strategy for the production of apparel was the trade liberalization of the early 1980's. As a result of trade liberalization, competition from imported apparel increased and Gemini's sales

Table 2

The Evolution of Sourcing Characteristics at Gemini

Sourcing Characteristics	Year			
	'71-'84	'85	'86	'96
PHASE ONE				
Domestic sourcing only	X			
PHASE TWO				
International sourcing on an ad hoc basis				
Reactive stance				
Increasing sourcing information needs				
Limited sourcing structure and capability		X	X	
PHASE THREE				
Top management support				
Global perspective		X	X	X
Proactive stance		X	X	X
Resistance to global sourcing				
Strategy 1: Buyer based domestically				
Strategy 2: Agent(s) based internationally		X	X	
Strategy 3: Foreign sourcing offices				X

(Table continues)

Table 2 (Continued)

Sourcing Characteristics	Year			
	'71-'84	'85	'86	'96
PHASE FOUR				
Executive level coordination		X	X	X
Effective organizational structure				X
Sophisticated personnel capabilities				X
High information needs				X
Measurement and rewards systems				
Strategy 4: Assign design, build and source				X
Strategy 5: Integrate procurement requirements				X

floundered. From 1981 to 1985 sales decreased from \$14 million to \$8 million.

The number of production facilities used by the company, including company owned and subcontractors shrank from nine to one.

Gemini: First Evolution - 1985

In 1985, the company began to source finished garments outside of Canada, in Hong Kong. Although Gemini was driven to global sourcing as a response to clearly identifiable triggering events, the company did not progress from phase one to phase two as theorized by Monczka and Trent (1991). Gemini's initial global sourcing efforts possessed characteristics of phases two, three and four. Table 2 illustrates the sourcing characteristics of the company in 1985.

Of the four characteristics of phase two (Table 2) Gemini exhibited only one - limited sourcing structure and capabilities. In 1985 the sourcing structure was limited because it consisted of a team of only two people, the President and one person at head office. As well, when the company began to source outside of Canada, it was sourcing finished garments, not production. It relied on the subcontracted foreign producers to conduct all preproduction activities, as the company did not have the structure or personnel capabilities to manage these activities. These preproduction activities included sourcing of inputs such as fabric and findings, pattern making, marker making and grading. In Figure 10 the sourcing structure in 1985 is highlighted in grey. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

The other three characteristics typical of phase two were not shown by Gemini (Table 2). For example, Gemini's initiation into global sourcing was not a

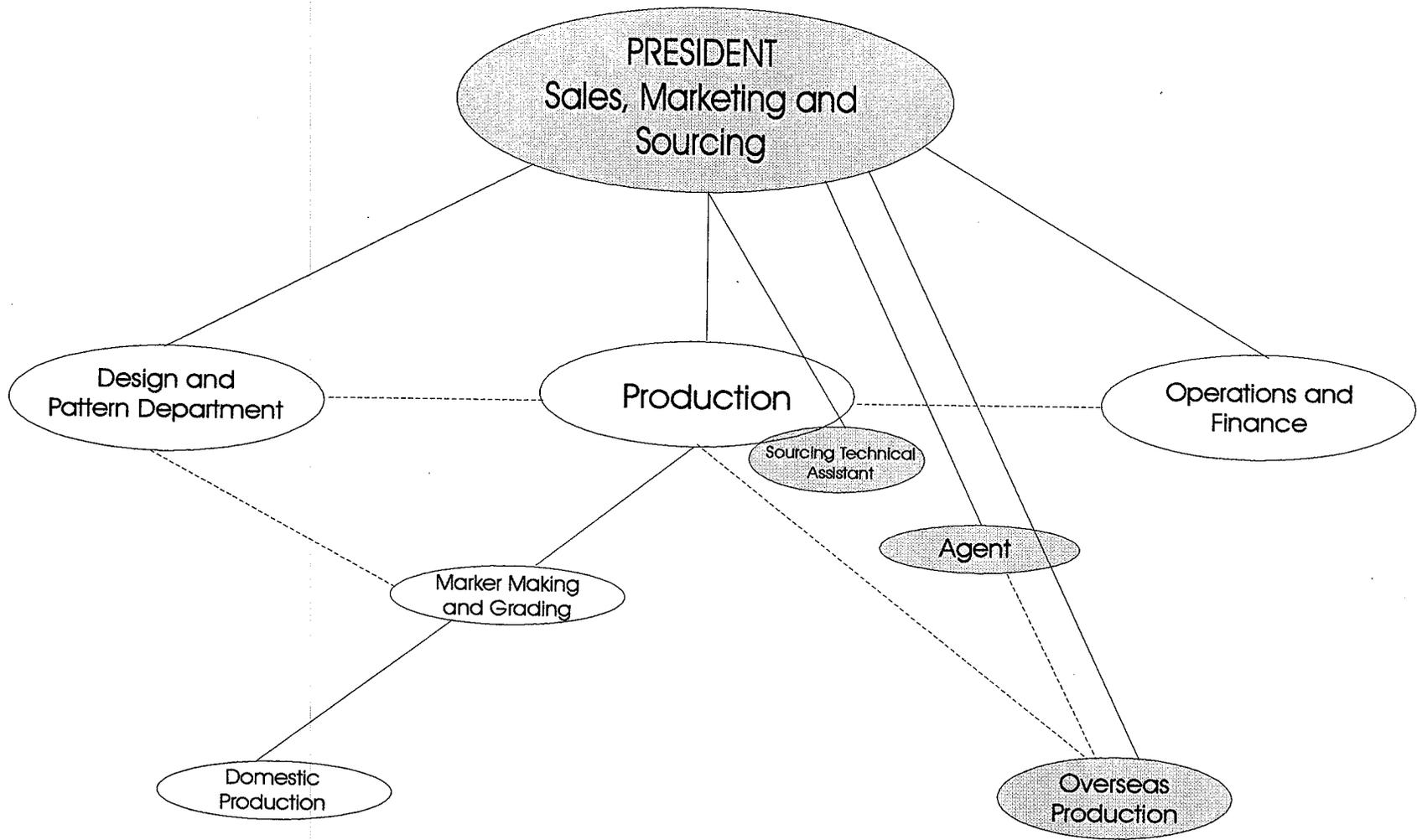


Figure 10. Gemini: Sourcing structure 1985

reactive strategy conducted on an ad hoc basis with increasing information needs. Rather, the sourcing of production was conducted in a manner that was akin to the characteristics of phase three (Table 2). Gemini's practices mimicked the proactive stance characteristic of phase three. The evidence for this is in the attention and level of support given to the sourcing of production. It was the President of the company who initiated and coordinated Gemini's initial sourcing efforts in 1985. Further evidence is found in the phase three sourcing strategy two (agents based internationally - Table 2) implemented by the company in 1985. According to Monczka and Trent (1991) the implementation of a phase three sourcing strategy is evidence for a company's proactive rather than reactive stance vis a vis international sourcing. From the outset, the company utilized agents based internationally to facilitate and monitor the foreign sourcing of production. This was also a sign that the information needs of the company were, from the outset in 1985, higher than the information needs of a phase two company and characteristic of phase three.

Furthermore, in 1985, Mr. Steiman's personal attention to seeking out subcontractors in Korea is characteristic of phase four - top-level executive coordination. According to Monczka and Trent (1991) top management support for global sourcing does not emerge until phase three and top-level executive coordination until phase four.

Gemini's initial global sourcing strategy in 1985 exhibited characteristics of several phases - the limited structure and personnel capabilities characteristic of phase two; the use of sourcing strategy two and proactive stance

characteristic of phase three, and the executive level coordination characteristic of phase four.

Gemini: Second Evolution – 1986

According to Monczka and Trent (1991) a firm progresses from phase two to phase three because of "significant performance gains" as a result of international sourcing. Gemini was experiencing "significant performance gains" as a result of the competitive cost advantage achieved through the change in sourcing strategy. By 1986, sales were increasing at 50% a year (Robertson, 1991). As a result of the increase in sales, the company began to further develop its sourcing structure and capabilities. Further development as a result of the "significant performance gains", increased sales, is consistent with Monczka and Trent's proposition. In 1986, Gemini exhibited the proactive stance, global perspective and sourcing strategy two consistent with phase three and the executive level coordination consistent with phase four. Table 2 illustrates the sourcing characteristics of the company in 1986.

In 1986, the company's global sourcing structure and personnel capabilities had progressed beyond the limited structure characteristic of a phase two company. Within a year of initiating the sourcing of finished garments outside of Canada, sometime in 1986, management restructured the company. Figure 11 illustrates the restructuring and additional structure developed at this time because of the change in sourcing strategy. Solid lines

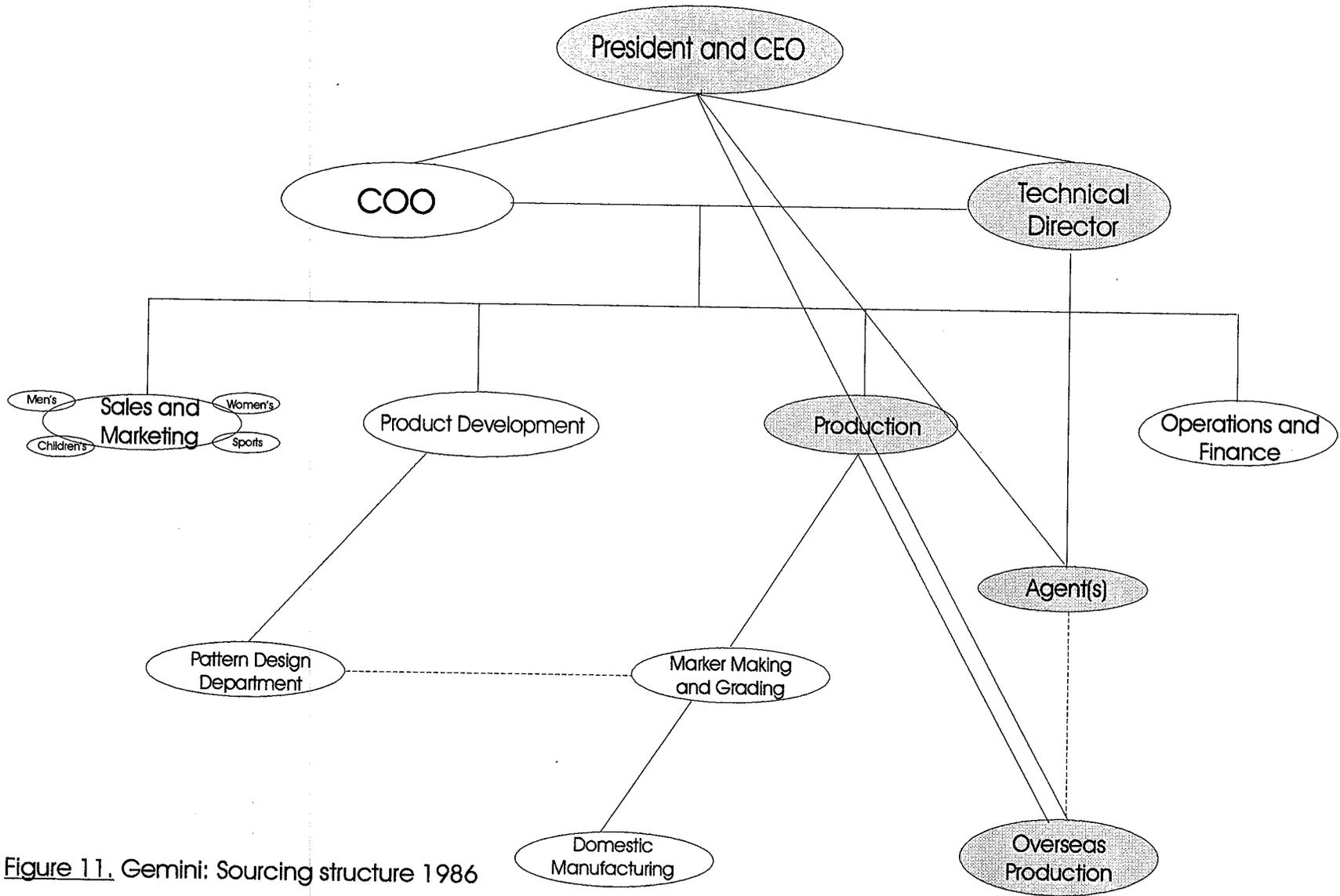


Figure 11. Gemini: Sourcing structure 1986

indicate formal lines of reporting; dotted lines indicate lines of communication. The sourcing structure is highlighted in grey. Senior level divisional sales and marketing positions were created, freeing the President to concentrate on sourcing. Another top level executive, the Technical Director, assumed functional responsibility for sourcing along with the President of the company. At the same time, the design function was separated from the Design and Pattern department. A Product Development department responsible for design was introduced into the organizational structure (Figure 11). Employment began to rise as human resources were allocated in areas such as administration, distribution, and pattern design in order to support the increase in sourcing outside of Canada.

Another phase three characteristic exhibited by the company at this time is viewing potential source markets from a global perspective. Gemini's global perspective is evident in the speed with which the company negotiated its way through the Southeast Asia region. Rather than remaining in its original source country, Korea, within approximately a year, the company had added as source countries Hong Kong, Malaysia and Indonesia.

Monczka and Trent (1991) also expect that resistance to global sourcing will be greatest in phase three. According to the company President, Gemini experienced no resistance to the implementation of an offshore sourcing strategy.

Gemini: Third Evolution - 1987 to 1996

According to Monczka and Trent (1991), a company has progressed to phase four when global sourcing has become an integral part of the company's operational strategy as characterized by executive level coordination, an effective organizational structure, sophisticated personnel capabilities, the use of sourcing strategies four and five and high information needs for global sourcing. Gemini's management practices exhibit these characteristics. Table 2 illustrates the sourcing characteristics of the company in 1996.

The change in sourcing strategy was continuing to show success. By 1991, sales had increased to \$30 million, and by 1996, sales were \$50 million (Robertson, 1991). Employment grew to 300 in 1991 (Robertson), and to 425 in 1997 (Love, 1998) as the company developed its personnel capabilities to manage the increase in sales. Facilities in Winnipeg were expanded to accommodate the increase in administrative, technical, design and warehouse personnel required as a result of the increased volume of imported apparel. In 1991, the company expanded head office in Winnipeg by 12,000 square feet, converted warehouse space at head office into administrative, technical, design and sales offices and leased an additional 40,000 square feet creating a new distribution centre (Robertson).

The integration of global sourcing into the company's operational strategy is most readily identifiable by the changes in organizational structure.

As the previous structure became inadequate to meet the requirements of the increased levels of sourcing, from 1986 to 1995, the company's organizational structure and personnel capabilities evolved in such a way that they were consistent with a phase four company. By 1996, an Import Division, reporting to the COO, had been established with its own administrative, technical and engineering support network. Sourcing continued to be coordinated at the executive level but the functional responsibility now rested with two Import Managers, as well as the Technical Director. Sourcing was no longer a part of the President's job description. In Figure 12 the changes in sourcing structure by 1996 are highlighted in grey. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

In addition, the Design Department underwent reorganization. By 1996, the company had added a Merchandising Department (Figure 12). This department, working under the Product Development manager, assumed the responsibility for sourcing inputs such as fabrics and findings such as zippers.

Previously, the overseas subcontractors had handled the preproduction activity of sourcing inputs. The Pattern Design Department, in addition to making the patterns for production at head office, now made all the patterns for the production sourced outside of Canada. The Marker Making/Grading Department was expanded and now graded and made markers for both Domestic Production and the Import Division. Again, the overseas subcontractors had previously handled these preproduction activities. Because

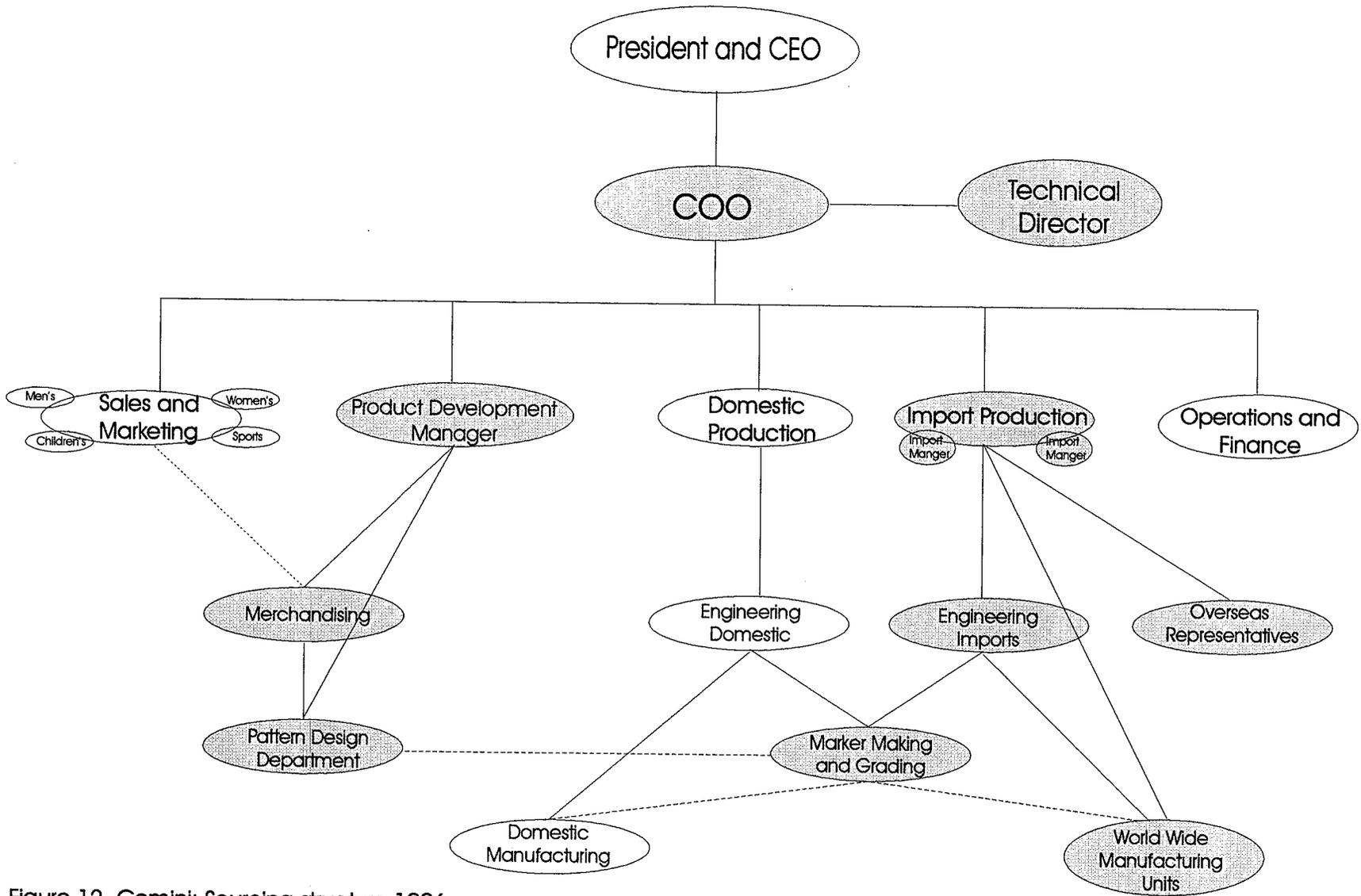


Figure 12. Gemini: Sourcing structure 1996

of these changes in the organizational structure and personnel capabilities the company was now able to source production as opposed to finished garments.

Gemini had also invested in its engineering capabilities and added an Import Engineering Department to its organizational structure. This change allowed the company to develop supplier capabilities by providing engineering support such as assisting with production scheduling and management, setting production and quality standards, and monitoring capacity for those overseas subcontractors that needed assistance and nurturing. The company was able to expand its source markets because it could explore relationships with suppliers previously bypassed because of the overseas manufacturers' lack of expertise and infrastructure.

The company further reconfigured its organizational structure and personnel capabilities by discarding the use of foreign agents (phase three strategy two in Table 2), in favour of hiring foreign regional representatives and establishing regional foreign sourcing offices (phase three, strategy three in Table 1). According to Monczka and Trent (1991), as the level of international sourcing increases, using agents based internationally becomes inadequate in supplying the information needs of the company and the company will progress to establishing foreign sourcing offices. By 1996, Gemini employed 10 foreign sourcing representatives in strategic locations in Asia and in one critical location, a four- person office was opened. These company representatives, all reporting to the Import Managers, check quality, manage and monitor foreign sources of supply, and expedite shipments of both inputs and finished production.

Phase four companies are not precluded from utilizing phase three sourcing strategies one, two and/or three but are further differentiated from phase three companies through the additional use of sourcing strategies four and five (Table 2). Strategy four involves assigning design, build and source responsibilities to specific business units. The change in Gemini's organizational structure described earlier reflects the use of strategy four. The design function was assigned to Product Development. The build and source functions were assigned to the Import Division. The company has also implemented strategy five whereby the procurement requirements are integrated and coordinated across all divisions. The Import Division coordinates and manages the production sourcing requirements across all four divisions (Children's, Men's, Women's, and Sports). The company's use of sourcing strategies three, four and five also indicates that Gemini's information needs are high and consistent with the needs of a phase four company.

By 1996, global sourcing had become an integral part of the Gemini's operational strategy and the company can be classified as being in phase four of the taxonomy of global sourcing development by Monczka and Trent (1991). Gemini exhibited the executive level coordination, effective organizational structure, sophisticated personnel capabilities, the use of sourcing strategies three, four and five, and the high information needs, consistent with a phase four company.

Case Two: Western Glove Works

In this section, the evolution of sourcing at case two, Western Glove Works, will be compared to the taxonomy of global sourcing development by Monczka and Trent (1991).

Western Glove Works: Phase One – 1921 to 1990

Western Glove Works' sourcing characteristics as compared to Monczka and Trent's (1991) taxonomy are illustrated in Table 3. From 1921, when the company was founded, to 1990, Western Glove Works sourcing practices were characteristic of phase one. Prior to 1990 the company manufactured all of its apparel in company owned facilities.

According to Monczka and Trent (1991) a firm progresses to phase two and begins sourcing internationally as a reaction to "triggering events" in the marketplace such as increased foreign competition, inadequacy in the domestic supply market, changes in currency rate exchanges and competitive advantage accruing to competitors due to foreign sourcing. Western Glove Works' progression to phase two was not a reaction to "triggering events" such as those suggested by Monczka and Trent. Instead, the need to source internationally was precipitated by the evolution of product lines. By 1990, Western Glove Works realized the need to augment its main product line (jeans and jean type bottoms) to include sportswear (e.g. sweaters). If Western Glove

Table 3

The Evolution of Sourcing Characteristics at Western Glove Works

Sourcing Characteristics	Years		
	'21-'90	'90-'98	'98-'00
PHASE ONE			
Domestic sourcing only	X		
PHASE TWO			
International sourcing on an ad hoc basis		X	
Reactive stance			
Increasing sourcing information needs			
Limited sourcing structure and capability		X	
PHASE THREE			
Top management support		X	
Global perspective			X
Proactive stance		X	X
Resistance to global sourcing			
Strategy 1: Buyer based domestically			
Strategy 2: Agent(s) based internationally		X	X
Strategy 3: Foreign sourcing offices			X

(Table continues)

Table 3 (Continued)

Sourcing Characteristics	Year		
	'21-'90	'90-'98	'98-'00
PHASE FOUR			
Executive level coordination			X
Effective organizational structure			X
Sophisticated personnel capabilities			X
High information needs			X
Measurement and rewards systems			
Strategy 4: Assign design, build and source			
Strategy 5: Integrate procurement requirements			

Works were to manufacture its own sportswear, if the company would have had to incur substantial capital assets. Hence, Western Glove Works' need to source internationally was a response to the company's lack of ability to produce a wide range of sportswear items.

Western Glove Works: First Evolution – 1990 to 1998

Western Glove Works began sourcing sportswear in the form of finished garments in approximately 1990. The sourcing characteristics of the company from 1990 to 1998 are illustrated in Table 3. The company's initial sourcing practices possessed two phase two characteristics - sourcing on an ad hoc basis and limited sourcing structure and capabilities; and three phase three characteristics – top management support, proactive stance and the use of internationally based agents (strategy two in Table 3).

The sourcing structure and capabilities were very limited because the volumes of sportswear items at the time were too small to warrant substantial investments in capital and human resources. The initial sourcing practice adopted by Western Glove Works was to source finished garments. This meant that the overseas contractors were responsible for carrying out the major preproduction activities such as procurement of fabric and findings, pattern making, grading and marker making. By sourcing finished garments overseas, the company was able to meet the demands of the market without additional investments. The sourcing structure and capabilities of Western Glove Works were very limited because the presidents of Silver and Licensed Product divisions were responsible for sourcing finished garments for their respective divisions. The responsibility for the day to day managing and monitoring the activities of the overseas subcontractors rested with an assistant merchandiser. This arrangement worked for Western Glove Works because the volume of

sportswear was small at the time. In Figure 13 the sourcing structure of the company from 1990 to 1998 is highlighted in grey. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

Western Glove Works did not show the other two characteristics typical of phase two – reactive stance and increasing information needs (Table 3). Rather, the company's decision to use internationally based agents to facilitate the sourcing of finished garments was an indication of the proactive stance and information needs characteristic of phase three in Monczka and Trent's (1991) taxonomy. According to Monczka and Trent (1991) the implementation of a phase three sourcing strategy is evidence for a company's proactive rather than reactive stance vis a vis international sourcing. Because implementing this strategy was also necessary to meet its information requirements, it is evident that the information needs of the Western Glove Works were higher than a phase two company. As mentioned earlier, the divisional presidents of Silver and Licensed Product were responsible for the sourcing of sportswear items. This is evidence for the phase three characteristic of top management support.

Western Glove Works: Second Evolution – 1998 to 2000

In 1998, although Western Glove Works was capable of manufacturing its main product line of jeans and jean type bottoms, it was driven to source production for these items internationally as a response to a clearly identifiable "triggering event", that is, an inadequacy in the domestic supply market,

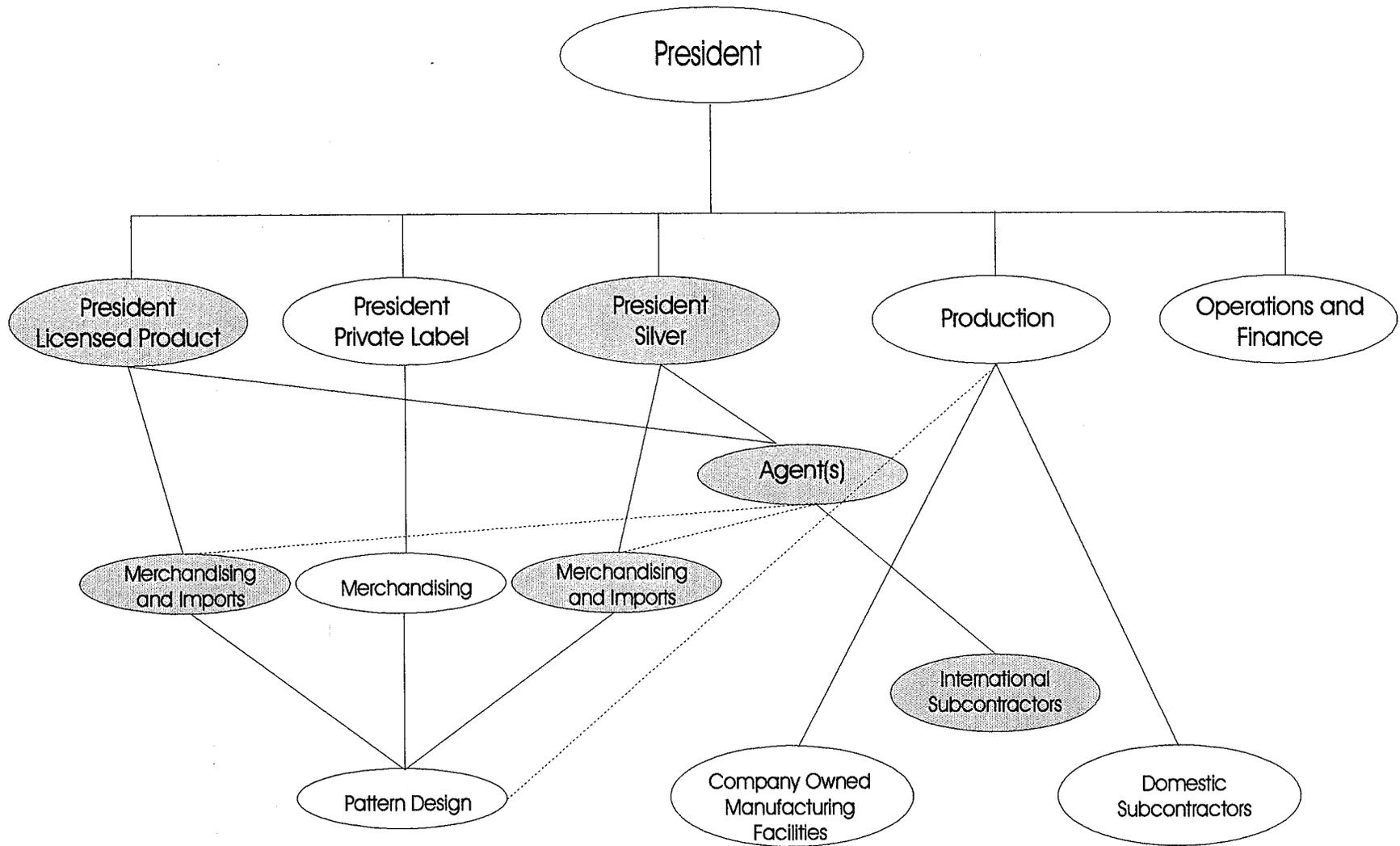


Figure 13. Western Glove Works: Sourcing structure 1990 - 1998

specifically production capacity. In 1987, Western Glove Works opened a brand new 12,000 square foot production facility in Winnipeg. However, throughout the 1990's, as sales increased rapidly, the company was faced with a chronic production capacity problem created by the combination of inadequate production facilities and chronic shortage of sewing machine operators. The company overcame limited production capacities in the early 1990's by opening two satellite production facilities in Winnipeg and expanded its existing facility in Winnipeg. As for the shortage of sewing machine operators, the company lobbied the provincial and federal governments, without success, for permission to import skilled workers. Hence, the chronic shortage of sewing machine operators faced by the company continued and Western Glove Works began to subcontract production to facilities in other provinces in Canada. By 1998, enough production was being sourced outside the province that 700 additional sewing machine operators could have been employed in Manitoba (McNeill, 1998).

Sales continued to increase rapidly, and, still unable to keep pace with increased demand for its products, in 1998, under the direction of Bob Silver, the company President, the company began to look outside of Canada for production capacity for its main product line, bottoms.

By 2000, Western Glove Works' overall sourcing practices possessed characteristics of both phases three and four. Table 3 illustrates the sourcing characteristics of the company from 1998 to 2000. The global perspective, proactive stance, the use of internationally based agents and foreign sourcing

office exhibited by the company were characteristic of phase three. The executive level coordination, sophisticated personnel capabilities, effective organizational structure, and high information needs exhibited by the company were characteristic of phase four.

Phase three characteristics. One phase three characteristic, global perspective, is evident in the diverse regions from which Western Glove Works sourced. A supply network comprised Canada, U.S.A., Pakistan, China, Latin America and countries in South East Asia such as Hong Kong, Korea and Vietnam. Western Glove Works also continued to exhibit the proactive stance characteristic of phase three as seen in the sourcing strategies two and three (Table 3) used to achieve its objectives. Further evidence of the proactive nature of this activity is in the level of support for the sourcing of production. It was the President of the company spearheaded the international sourcing efforts.

Two other phase three characteristics Western Glove Works exhibited were agents based internationally and foreign based company representatives (Table 3). The utilization of these strategies differed regionally. In South East Asia, Western Glove Works continued to rely on internationally based agents, which was initiated in 1990. By 1998, these agents, initially entrusted with sourcing finished sportswear items only, were now sourcing and facilitating the production of sportswear and bottoms.

In South and Central America, Western Glove Works developed its own sourcing network bypassing agents (phase three, strategy two in Table 3). Head office personnel, including the company President, Bob Silver, identified supply sources and facilitated and monitored the sourcing of production. The company also sent personnel from Engineering, Quality Control and Laundry to these subcontractors to provide technical support. After approximately one year of operating in this region, a Mexican company representative was hired to facilitate and monitor production, giving the company a continuous presence in the region (strategy three, Table 3).

A phase three characteristic not displayed by the company was resistance to foreign sourcing. According to senior management, after implementing international sourcing, employment in most departments other than domestic production has increased. Employment has decreased in domestic production areas only because of regular attrition.

Phase four characteristics. By 2000, Western Glove Works exhibited five of the seven phase four characteristics (Table 3). First is executive level coordination. According to Monczka and Trent (1991) top management support for global sourcing does not emerge until phase three and top-level executive coordination until phase four. As discussed earlier, in 1998, it was the company President, Bob Silver, who initiated and continued to oversee the sourcing of bottoms.

Two other phase four characteristics exhibited by Western Glove Works were effective organizational structure and sophisticated personnel capabilities. When the company initiated the sourcing of production internationally for bottoms sourced production. For bottoms, Western Glove Works supplied the subcontractors with all fabric and findings, patterns, markers and all product specifications including design, production, quality and engineering specifications. In other words, the company was looking for manufacturing capabilities only. The organizational structure and personnel capabilities for preproduction activities to support the international sourcing of production for bottoms were already in existence because of the size of the company (by this time, sales were \$200 million) and the volume of bottoms already being sourced domestically.

By this time, the company's sourcing practices for the sourcing of sportswear items had evolved as the volumes increased. In addition to sourcing finished garments, it had also begun to source production for sportswear. When production for sportswear was sourced, the practices mimicked the practices for bottoms and the company handled sourcing of inputs (fabric and findings), and all preproduction activities such as pattern making, grading and marker making and provided all product specifications. The practices for sourcing finished garments remained unchanged. Whether production or finished garments was sourced depended on the division and the particular item. The Silver Division sourced primarily production and some finished garments for sportswear items, and production only for bottoms. The Licensed Product

Division continued to source primarily finished garments for sportswear items and production for bottoms. The Private Label Division sourced production only.

Organizational changes were made as the company evolved to manage the increased levels of international sourcing. The company President continued to be the gatekeeper of all aspects of sourcing and distributed information to the divisional Presidents, and the day-to-day management of sourcing continued at the divisional level. However, within each division, an Imports department responsible for the day to day management and monitoring of sourcing for that division only was created. Another organizational structure change was the addition of a foreign-based company representative based in Mexico. In Figure 14 the sourcing structure in 2000 is highlighted in grey. Solid lines indicate formal lines of reporting; dotted lines indicate lines of communication.

Furthermore, to keep pace with the increase in the amount of product sourced internationally personnel capabilities continued to develop in departments such as administration, distribution, planning, quality control, design and specification development. Aside from domestic supervisory sewing positions and domestic production management all departments at the company were now involved with the importing of apparel. As a result, most departments at the company saw increases in the number of personnel.

The sourcing strategies used by Western Glove Works also represented the high information needs characteristic of phase four. According to Monczka and Trent (1991), the sourcing strategy implemented by a company is indicative of

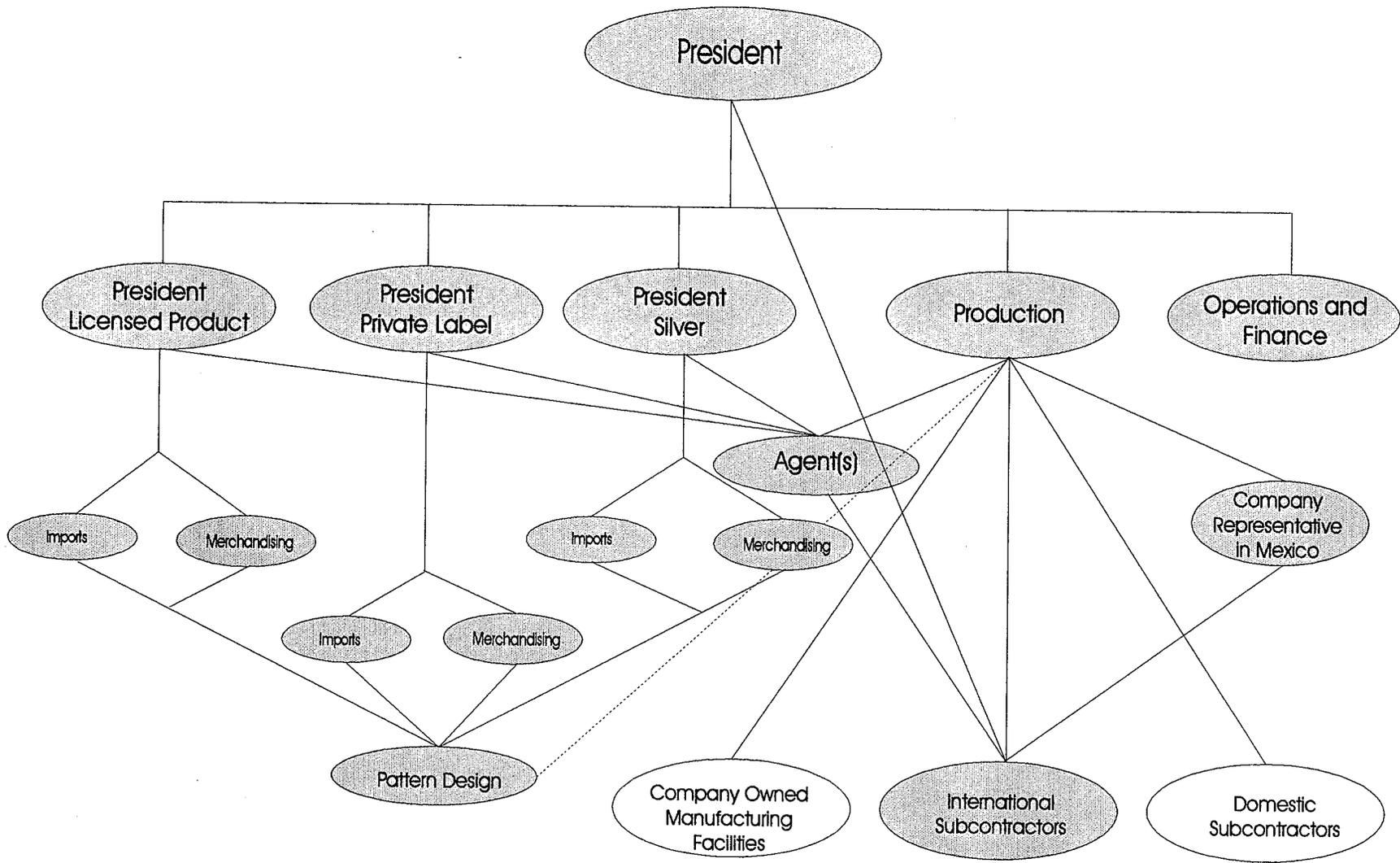


Figure 14. Western Glove Works: Sourcing structure 1998 - 2000

the information requirements of the company (increasing or high). As the level of international sourcing increases, a strategy becomes inadequate in supplying the information needs of the company and is either replaced or used in conjunction with a higher level sourcing strategy. In 2000, the company used agents based internationally (strategy two in Table 2) in the South East Asia region and foreign offices or representatives (strategy three in Table 2) in South and Central America to meet its information needs. Further evidence for high information needs is found in the company-stated priority of furthering its intelligence gathering capabilities.

Western Glove Works currently does not exhibit two (three) of the seven phase four characteristics. There was not sufficient information to comment on the rewards and measurement characteristic of phase four. There is no evidence that Western Glove Works had implemented strategy four, which is assigning design, build and source responsibilities to specific business units or divisions. Implementing strategy five involves integrating and coordinating procurement requirements across all divisions. Western Glove Works had not reached the stage of coordinating procurement requirements across the company's three divisions, Silver, Private Label and Licensed Product. Rather, sourcing requirements were managed independently at the divisional level.

Western Glove Works can be classified as being in phase three and four of the taxonomy of global sourcing developed by Monczka and Trent (1991). The company exhibits the global perspective, proactive stance and the use of strategies two and three of phase three and the executive level coordination,

sophisticated personnel capabilities, effective organizational structure and the high information needs of phase four.

Cross Case Comparison

The purpose of replication logic as described by Yin (1989) is to improve the reliability of research results; to strengthen the evidence for or against a set of theoretical propositions. The multi-case research design where the results from cases are compared fulfills this requirement.

In this section, the results of applying the taxonomy by Monczka and Trent (1991) to the evolution of sourcing practices at Gemini will be compared with the results of applying the taxonomy by Monczka and Trent (1991) to the evolution of sourcing practices at Western Glove Works. The extent of the similarities and differences and possible explanations will be the focus of this discussion.

Before embarking on the cross case comparison, it is critical to revisit a major point by Monczka and Trent (1992), that is, companies within an industry are not homogeneous. There are many differences between Gemini and Western Glove Works that affect their comparability. Since a thorough discussion of this subject is beyond the scope of this research only the most relevant differences are discussed in this section. For example, the two companies offered different product lines. Therefore, the inputs, such as raw materials and labour needed to produce the products also differed. Gemini markets and

distributes outerwear whereas Western Glove Works markets and distributes jeans and jean type bottoms and some sportswear. For Gemini, no domestic raw material sources of outerwear fabrics could respond satisfactorily to its demands whereas Western Glove Works currently has access to domestic sources of supply for raw materials such as denim. The fashionability of jeans is also not defined by the raw material itself but also by the finishes applied to the jeans after construction. In addition, outerwear manufacturing is also much more labour intensive than jean manufacturing hence labour costs can have a greater impact on the success or failure of an outerwear company. Although the two companies are participants in the apparel industry, and face similar economic, political and regulatory forces their response to these forces were different.

Furthermore, the comparison of the evolution of sourcing practices at the two companies is being made between and over very different time periods. Not only was international sourcing initiated at Gemini thirteen years prior to the initiation at Western Glove Works, Gemini had been practicing international sourcing for eleven years whereas Western Glove Works' history of international sourcing was ten years for sportswear and two years for bottoms.

Further complicating the comparison is that at Western Glove Works, two distinctly different progressions can be identified. First, in 1990, was the international sourcing of sportswear items as finished garments. The second, eight years later in 1998, was the international sourcing of production for bottoms. At Gemini, there is one progression to discuss, for its only product

category, outerwear, where the company evolved from initially sourcing finished garments to sourcing production.

To enable the researcher to compare the sourcing practices of these two companies fairly, the discussion will be structured in the following manner. First, the progression from phase one to phase two at both companies will be compared. Next, the initial sourcing practices at Gemini in 1985 will be compared with the initial sourcing practices at Western Glove Works from 1990 – 1998 for sportswear. Then, the initial sourcing practices at Gemini in 1985 will be compared with the initial sourcing practices at Western Glove Works from 1998 to 2000 for bottoms.

The Progression from Phase One to Phase Two

Gemini and Western Glove Works were both at one time domestic manufacturers. At times of high demand for their products, both looked within Canada for additional production capacity. This is characteristic of phase one in the taxonomy by Monczka and Trent (1991).

There is no evidence that the international sourcing of sportswear in the form of finished garments at Western Glove Works was in response to a “triggering event”. However, each company, for its main products, was driven to source internationally in response to different “triggering events”. This is consistent with Monczka and Trent (1991) who state that companies source internationally in response to “triggering events” to satisfy “unique operational objectives”. In

1985, Gemini was driven to international sourcing in an effort to save a failing company when its manufacturing costs contributed to declines in sales and profits. The company was also in a contraction mode regarding personnel. Western Glove Works, on the other hand, was experiencing increased demand for its products and was operating from a position of strength in terms of human resources. Its international sourcing efforts for bottoms, initiated in 1998, were driven by the need for production capacity in order to meet demand.

Monczka and Trent (1991) do not expect that all companies will progress exactly according to the taxonomy. Competitive conditions faced by a company may require initial sourcing practices characteristic of phase three or four. The results of this research showed that neither Gemini nor Western Glove Works progressed from phase one to phase two in the manner portrayed in Monczka and Trent. For example, Gemini's initial sourcing practices were a blend of phases two, three and four. Western Glove works initial sourcing practices for bottoms were a blend of phases three and four.

Sourcing Practices: Gemini 1985 Compared to Western Glove Works 1990 – 1998

In this section, the discussion will be organized in such a way that the initial sourcing practices at Gemini in 1985 will be compared with the initial sourcing practices at Western Glove Works from 1990 – 1998 for sportswear. By structuring the discussion in this manner, the comparison focuses on the initial

sourcing practices for finished garments at both companies – Gemini for its main product, outerwear, and Western Glove Works for its secondary product, sportswear. This represents a comparison of the initial sourcing practices when the objective is the same – finished garments.

The initial sourcing characteristics of both companies are illustrated in Table 4. Gemini's initial sourcing practices for outerwear and Western Glove Works' initial sourcing practices for sportswear exhibited the phase two characteristic of limited sourcing capability and the phase three characteristics of proactive stance and use of internationally based agents (phase three, strategy two, in Table 4).

Both companies exhibited the limited sourcing structure and capabilities of phase two, but for different reasons. The sourcing structure and capabilities at Western Glove Works were very limited because the volumes of sportswear items at the time were too small to warrant substantial investments in capital and human resources. By sourcing finished garments, the overseas contractors were responsible for carrying out the major preproduction activities such as procurement of fabric and findings, pattern making, grading and marker making. This practice enabled Western Glove Works to meet the demands of the market without substantial investments.

Another reason that the sourcing structure and capabilities of Western Glove Works were very limited was because few people were involved in it. The presidents of Silver and Licensed Product divisions were responsible for sourcing finished garments for their respective divisions. The responsibility for the day to

Table 4

Comparison of the Sourcing Characteristics

Sourcing Characteristics	<u>Gemini</u>		<u>Western Glove Works</u>	
	Finished Garments	Production	Finished Garments	Production
PHASE ONE				
Domestic sourcing only				
PHASE TWO				
International sourcing on an ad hoc basis			X	
Reactive stance				
Increasing sourcing information needs				
Limited sourcing structure and capability	X		X	

(Table continues)

Table 4 (Continued)

Sourcing Characteristics	<u>Gemini</u>		<u>Western Glove Works</u>	
	Finished Garments	Production	Finished Garments	Production
PHASE THREE				
Top Management support			X	
Global perspective		X		X
Proactive stance	X	X	X	X
Resistance to global sourcing				
Strategy 1: Buyer based domestically				
Strategy 2: Agent(s) based internationally	X		X	X
Strategy 3: Foreign sourcing offices		X		x

(Table continues)

Table 4 (Continued)

Sourcing Characteristics	<u>Gemini</u>		<u>Western Glove Works</u>	
	Finished Garments	Production	Finished Garments	Production
PHASE FOUR				
Executive level coordination	X	X		X
Effective organizational structure		X		X
Sophisticated personnel capabilities		X		X
High information needs		X		X
Measurement and rewards systems				
Strategy 4: Assign design, build and source		x		
Strategy 5: Integrate procurement requirements	x			

day monitoring of the activities of the overseas subcontractors rested with an assistant merchandiser. This arrangement worked for Western Glove Works because the volume of sportswear was small at the time.

Gemini exhibited the phase two characteristic of limited sourcing structure and capabilities because the company was operating in a substantially weakened position after four years of decline. Its overall human resource capabilities were limited and the sourcing structure consisted of a team of only two people, the President and one person at head office. As well, when the company began to source outside of Canada, it was sourcing finished garments, not production. Similar to Western Glove Works, it relied on the subcontracted foreign producers to conduct all preproduction activities, as the company did not have the structure or personnel capabilities to manage these activities. These preproduction activities included sourcing of inputs such as fabric and findings, pattern making, marker making and grading.

Another piece of evidence that shows companies do not progress through the taxonomy as proposed by Monczka and Trent (1991) is the characteristics in phase two which were absent from both companies' evolution of sourcing practices. Neither company exhibited the reactive stance nor the increasing information needs characteristic of phase two. Rather, both companies' decision to use internationally based agents to facilitate international sourcing was an indication of the proactive stance and information needs characteristic of phase three in Monczka and Trent's taxonomy. According to Monczka and Trent, the implementation of a phase three sourcing

strategy is evidence for a company's proactive rather than reactive stance vis a vis international sourcing and information needs. Because implementing this strategy was also necessary to meet information requirements, it is evidence that the information needs of both Gemini and Western Glove Works were higher than a phase two company.

The initial sourcing practices of Gemini and Western Glove Works differed in several ways. While Western Glove Works exhibited the additional phase two characteristic of international sourcing on an ad hoc basis and phase three characteristic of top management support, Gemini exhibited the executive level coordination of phase four. These differences could be attributed to the relative importance of the sourcing initiative to each company. Gemini's very existence was dependent on the success of this sourcing initiative. The attention and personal efforts of Mr. Steiman to seek out subcontractors overseas indicated the critical nature of the initiative. There is no evidence of the same level of attention and personal effort at Western Glove Works. The sourcing initiative by Western Glove Works was not critical to its success. The sportswear represented a minor part of its business and the success of the initiative was not essential. It could be adequately managed on an ad hoc basis.

Sourcing Practices: Gemini 1985 Compared to Western Glove Works 1998 – 2000

In this section, the discussion will be organized in such a way that the initial sourcing practices at Gemini in 1985 will be compared with the initial sourcing practices at Western Glove Works from 1998 to 2000 for bottoms. By structuring the discussion in this manner, the comparison focuses on the initial sourcing practices for finished garments at Gemini and the initial sourcing practices of production for bottoms at Western Glove Works. This represents comparing the initial sourcing practices for both companies' main products. Bottoms constituted a significant portion of Western Glove Works' sales and the success or failure of the initiative could impact the company more than the initial sourcing of sportswear. Furthermore, a comparison in this manner would reveal similarities and differences when the companies' objectives are different; finished garments versus production.

Greater difference in the results are found if a comparison is made between the initial sourcing practices at Gemini in 1985 with the initial sourcing practices for bottoms from 1998 to 2000 at Western Glove Works. The comparison is illustrated in Table 4. As discussed earlier, in the previous section, Gemini's initial sourcing practices exhibited characteristics of phases two, three and four. Similarly, Western Glove Works' initial sourcing practices for bottoms exhibited characteristics in phases three and four. The global perspective, proactive stance and the use of internationally based agents (phase three,

strategy two) and foreign sourcing offices (phase three, strategy three) exhibited by Western Glove Works were characteristics of phase three. The executive level coordination, sophisticated personnel capabilities, effective organizational structure, and high information needs exhibited by Western Glove Works were characteristics of phase four. These results provide further support for the taxonomy by Monczka and Trent (1991). They state that it may be in a company's best interest for its initial sourcing practices to be characteristic of phase three or four as exhibited by Western Glove Works.

The difference in the initial sourcing practices for each company's main products could be attributed to the different objective – Gemini was sourcing finished garments, Western Glove Works production. The phase two characteristic exhibited by Gemini was limited sourcing structure and capabilities. As discussed in the previous section, Gemini's capabilities limited it to initially sourcing finished garments, not production.

Another explanation for the difference in the initial sourcing practices is that the two companies initiated international sourcing at very different phases of the business life cycle. There was a vast difference in the resources available to the two companies. Gemini was experiencing a serious decline in its fortunes whereas Western Glove was in a growth mode. The two companies also differed in size both in terms of sales volume and employment. Gemini, when it initiated international sourcing was an \$8 million company employing approximately 200 people whereas Western Glove Works when it initiated international sourcing for bottoms was a \$200 million company employing 1200 people. This explains

why Western Glove Works was able to source production instead of finished garments for bottoms.

The organizational structure and personnel capabilities at the time of initiating international sourcing at the two companies for main products were distinctly different. At the time Western Glove Works began to source production internationally for bottoms it was already sourcing a sizeable proportion of its production for bottoms within Canada. It supplied the subcontractors with all inputs, conducted all preproduction activities in house for both domestic and international subcontractors. Western Glove Works had the organizational structure and the personnel in place to support the international sourcing of production. Conversely, Gemini had to rely on the subcontractors to conduct all sourcing of inputs and preproduction activities because it lacked these capabilities.

There is also a difference in the sourcing strategies initially employed by the companies. Western Glove Works utilized both internationally based agents (strategy two, phase three in Table 4) and foreign sourcing offices (strategy three, phase three in Table 4) whereas Gemini initially utilized only internationally based agents. Regionally, in South East Asia, both companies utilized the same strategy, internationally based agents. However, because of the proximity of South and Central America to Winnipeg, Western Glove Works was able to develop its own sourcing network using company personnel and employed a local Mexican to represent the company (phase three, strategy three in Table 4). Western Glove Works also initiated its sourcing efforts for bottoms in the post

NAFTA era, meaning it faced a different regulatory environment than that faced by Gemini in 1985.

Similar characteristics shown by both companies are the proactive stance and sourcing strategy two (foreign based agents) of phase three and the executive level coordination of phase four. Similarities are also found in the characteristics neither company exhibited. According to Monczka and Trent (1991) resistance is typically found at phase three, particularly at the buyer level (phase three, strategy one in Table 4). Neither company employed phase three strategy one, domestically based buyer. As well, neither company's initiation into international sourcing was a reactive strategy, conducted on an ad hoc basis with increasing information needs characteristic of phase two. Neither company experienced resistance to international sourcing.

Sourcing Practices: Gemini 1996 Compared to Western Glove Works 1998 – 2000

In this section, the discussion will be organized in such a way that the sourcing practices at Gemini in 1996 will be compared with the initial sourcing practices at Western Glove Works from 1998 to 2000 for bottoms. Structuring the comparison in this manner would reveal similarities and differences in the sourcing practices when the companies' objectives were the same – production – and for both companies' main products. For Gemini, the year 1996 is significant because it was identified by the key informant as the year in

which the evolution in organizational structure, personnel capabilities and sourcing practices as a result of the change in operational strategy from domestic to international production were complete.

Gemini's change in operational strategy in 1985 began to show immediate results for the company as seen in increasing sales. In 1986, Gemini began an evolutionary process that spanned ten years. By 1996, Gemini exhibited the global perspective, proactive stance and use of foreign sourcing offices (phase three, strategy three in Table 4) of phase three. The executive level coordination, effective organizational structure, sophisticated personnel capabilities and the high information needs were consistent with a phase four company. In addition, Gemini had assigned design, build and source responsibilities to specific divisions (strategy four, phase four in Table 4) and had integrated and coordinated procurement requirements across all divisions (strategy five, phase four in Table 4). According to Monczka and Trent phase four companies are not precluded from utilizing phase three sourcing strategies one, two and/or three but are further differentiated from phase three companies through the additional use of sourcing strategies four and five. Thus, by 1996, Gemini could be classified as being in phase four.

As discussed in the previous section, Western Glove Works' initial sourcing practices for bottoms exhibited characteristics in phases three and four. The global perspective, proactive stance and the use of internationally based agents (phase three, strategy two) and foreign sourcing offices (phase three, strategy three) exhibited by Western Glove Works were characteristics of phase

three. The executive level coordination, sophisticated personnel capabilities, effective organizational structure, and high information needs exhibited by Western Glove Works were characteristics of phase four.

The similar characteristics exhibited by the companies were the global perspective, proactive stance and foreign based sourcing offices of phase three and the executive level coordination, sophisticated personnel capabilities, and the effective organizational structure of phase four.

The evidence for Western Glove Works' global perspective is in the diverse regions of the world from which it sourced, South East Asia and South and Central America. Gemini's global perspective is seen in how quickly the company negotiated the South East Asia, changing production regions in response to changing world trade patterns. Both companies continued to exhibit the proactive stance of phase three as seen in the utilization of phase three sourcing strategies.

Changes had been made at Gemini in the organizational structure and personnel capabilities that enabled it to source production similarly to Western Glove Works as opposed to finished garments. By 1996, an Import Division with its own administrative, technical and engineering support network had been established. The company, similarly to Western Glove Works, was now able to provide subcontractors with support such as assisting with production scheduling and management, setting production and quality standards, and monitoring capacity.

Other changes had been made at Gemini. A Merchandising Department assumed the responsibility for sourcing inputs such as fabrics and findings such as zippers that had previously been handled by the overseas subcontractors. As well, The Pattern Design Department and the Marker Making/Grading Department were expanded and now handled all preproduction activities such as pattern making, grading and marker making previously handled by the overseas subcontractors.

By 2000, Western Glove Works had made similar organizational changes to Gemini as the company evolved to manage the increased levels of international sourcing. The company President continued to be the gatekeeper of all aspects of sourcing and distributed information to the divisional Presidents, and the day-to-day management of sourcing continued at the divisional level. However, within each division, an Imports department responsible for the day to day management and monitoring of sourcing for that division only was created.

Furthermore, to keep pace with the increase in the amount of product sourced internationally personnel capabilities at Western Glove Works developed in departments such as administration, distribution, planning, quality control, design and specification development. Aside from domestic supervisory sewing positions and domestic production management all departments at the company were now involved with the importing of apparel and saw increases in the number of personnel.

There are differences in the sourcing strategies employed by the companies. Western Glove Works continued to exhibit the phase three

characteristic of internationally based foreign agents, which by this time had been discarded by Gemini. Both companies were utilizing foreign sourcing representatives (phase three, strategy two in Table 4), however, there was a difference in scope. By 1996, Gemini employed 10 foreign sourcing representatives in strategic locations in Asia and in one critical location, a four-person office was opened. Western Glove employed one foreign regional representative as by 2000, a foreign-based company representative based in Mexico (phase three, strategy three in Table 4) had been hired. The difference in characteristics can be attributed to the different time span covered – ten years at Gemini and two years at Western Glove Works. The two companies were at distinctly different places in the evolution of sourcing practices. Western Glove Works, as stated by the company, had just begun to develop its sourcing capabilities for bottoms. It anticipated further changes in structure and strategy such as discarding the use of internationally based agents in favour of foreign-based company representatives similar to Gemini. Gemini's sourcing practices at this time were the result of ten years of evolution and development. The comparison was being made between two companies at very different stages of development regarding sourcing practices.

Gemini also exhibited the phase four characteristics of strategies four and five not exhibited by Western Glove Works. Strategy four involves assigning design, build and source responsibilities to specific business units. The company had also implemented strategy five whereby the procurement requirements are integrated and coordinated across all divisions. According to Monczka and

Trent (1991) a phase four company is distinguished from a phase three company by the use of sourcing strategies four and five. Again, the difference in characteristics could be attributed to the difference in evolutionary stage at the two companies.

Despite the difference in evolutionary time span covered between the two companies, the sourcing practices and thus the classification according to the taxonomy of global sourcing development by Monczka and Trent (1991) are remarkably similar. As illustrated in Table 4, the only difference in the characteristics between the two companies is the utilization of the phase three and four sourcing strategies. Western Glove Works exhibited the phase three strategy of internationally based agents whereas Gemini had assigned design, build and source responsibilities to specific business units (strategy four, phase four) and had integrated and coordinated the company's procurement requirements across all divisions.

Relevant Case Findings in Relation to Previous Research

In addition to the theory by Monczka and Trent (1991) the literature review contained other research findings pertaining to sourcing. In this section, the researcher will point out how the findings in the two cases provide evidence for or against some of the research findings mentioned in the literature review.

Regulatory Environment

Evidence was found in support of the importance of the regulatory environment in apparel production location. Discussion will focus on three aspects of the regulatory environment that were revealed in the case studies; domestic trade policy, world trade patterns and quota.

The importance of trade policy in shaping global apparel production location has been the focus of research by many authors (Balkwell & Dickerson, 1994; Dickerson, 1985, 1988; Glasmeier, Thompson, & Kays, 1993). Many researchers have also been included trade policy as one part of the complex equation needed to explain apparel production location decisions (Appelbaum, Smith & Christerson, 1994; Christerson, 1994; Christerson & Appelbaum, 1995; Taplin, 1994). Support for the importance of trade policy in shaping apparel production location decisions can be found in the evolution of sourcing practices at Gemini and Western Glove Works.

Gemini's operational strategy for the production of apparel, or whether production is sourced domestically or internationally, was shaped by the trade policies of the Canadian federal government. Gemini first looked outside Canada for production of its apparel in 1975 in reaction to increased foreign competition in the marketplace ("Focus: The fashion industry," 1977). According to Mr. Steiman, the company was forced to abandon this course of action when, in 1976, the Canadian government invoked a section of the GATT and placed restrictive quotas on foreign produced apparel entering Canada.

Consequently, apparel manufacturers were protected from competition from lower priced imports. For a ten-year period, from 1975 to 1985, Gemini maintained a domestic manufacturing strategy and experienced phenomenal growth. The attention paid to meeting domestic demand meant that Gemini abandoned export sales efforts and focused solely on the Canadian marketplace. However, when quota restrictions were removed in 1981, Canada experienced a huge influx of imported apparel. Consequently, Gemini was not able to compete. Its sales declined until 1985 when offshore manufacturing was deemed to be a critical strategic initiative to save the company. In other words, the evolution of Gemini from domestic to international sourcing was influenced by domestic trade policies.

The primary factor in shaping Gemini's regional production location decisions was world trade patterns. In the ten-year period from 1985 to 1995, the company shifted from Korea, Hong Kong, Taiwan and Indonesia to Sri Lanka, Bangladesh, India, China and Vietnam. The regional shift was not related to individual manufacturer capabilities but rather changing world trade patterns. Similarly, Western Glove Works decision-making process regarding apparel production location was influenced by world trade patterns. The acceptability of a region in light of government trade policy, given North America as the final destination point for the apparel, was first determined. Then, the decision making process began at the individual manufacturer level.

Quota, a non-tariff trade barrier and a restriction on the quantities traded between countries, influenced Gemini's apparel production location decisions.

Within Gemini's overall offshore operational strategy, quota is one of the five conditions guiding the selection of overseas contractors. The next major global regulatory change is in 2005, when, according to the Uruguay Round of the GATT, quota on apparel products will be eliminated. Both Gemini and Western Glove Works expressed that this regulatory change will be beneficial because of their existing operational strategies and expect the regulatory change to have little negative impact on their businesses.

Cost Competitiveness

Research on apparel production location from a cost comparative perspective found cost can be one of the factors influencing production location decisions (Appelbaum, Smith & Christerson, 1994; Barff & Austin 1993; Christerson, 1994; Donaghu & Barff, 1990; Taplin, 1994) but cost alone was insufficient to explain production location decisions. (Barff & Austen, 1993; Donaghu & Barff, 1990; Mody & Wheeler, 1987).

Gemini's change from domestic to international production was driven by the need to reduce costs in order to remain in business. Manufacturing costs were too high domestically; as a result, the company found itself at a disadvantage in the marketplace. Sales were declining rapidly and sourcing production internationally was the company's effort to save the business. Within its overall offshore sourcing strategy, cost was one of the five criteria Gemini used to select regional production locations and subcontractors within each

region. If a given supplier's costs were higher than those necessary to bring a product to market, that supplier was not used.

Unlike Gemini, Western Glove Works sourced production internationally to look for production capacity. However, similarly to Gemini, cost is one of the ingredients Western Glove Works took into consideration when evaluating an international source of supply.

Research by Forney, Rosen and Orzechowski (1990) and Wall et al. (1992) found cost competitiveness to be the primary reason for offshore location decisions and shorter lead-time the primary reason for making location decisions in favour of domestic production. The evidence from Gemini supports these researchers finding that cost competitiveness is the primary reason for offshore location decisions. As discussed earlier, cost competitiveness was the motivating factor behind Gemini's decision to move production offshore, supporting these researchers' findings. However, for Western Glove Works the motivating factor for international sourcing was production capacity. Cost competitiveness was a secondary advantage realized by Western Glove Works as a result of solving its capacity problem. Thus the evidence from Western Glove Works does not support these researchers' finding for cost competitiveness as the primary reason for offshore location decisions. However, evidence in Western Glove Works case does support the claim by Forney, Rosen and Orzechowski's and Wall et al. that shorter lead-time is the primary reason for making location decisions in favour of domestic production. The company

states that the only advantage to domestic production when compared to international sourcing is the shorter lead-time involved.

CHAPTER SIX

CONCLUSIONS, IMPLICATIONS AND SUMMARY

This chapter includes the conclusions, limitations, implications for further research and a summary of the research.

Conclusions

In this section, conclusions will be presented with respect to the objectives of the research.

Objective One

Objective one was to describe the evolution of sourcing practices for finished garments and/or production at selected Manitoba apparel firms. Data from the interview, the self-administered questionnaire, and articles in the public domain were collected for two companies. From these data cases describing the evolution of sourcing practices at each company were created. The researcher concludes that the case study method enabled objective one to be met.

The case study was an effective method for describing the evolution of sourcing practices particularly given the complexity, lack of uniformity among companies within the apparel industry and the culture of the apparel industry.

Since the case study research design is informed by a number of sources, it allowed the researcher to capture a holistic, vibrant and in-depth history of the sourcing decisions over time and the events that precipitated them. Each data collection method contributed something unique to the case study. For example, the interview allowed the researcher to reconstruct the evolution of sourcing practices at the respective companies from the informants' experiences. The questionnaire yielded descriptive information to put the practices in context of company size and products. The information gathered from secondary sources provided historical sales, employment and operational details. In some instances, secondary data also provided corroborative evidence.

The chosen research method also allowed the researcher to contribute a unique perspective. The sourcing practices of apparel companies have, until now, been examined in a cross sectional manner where the focus has been on practices at a particular point in time. This research, as a result of using the case study method, has been able to contribute an evolutionary perspective.

Many researchers have investigated apparel production location from different theoretical perspectives and with different emphases. All have echoed the sentiment expressed by Appelbaum and Christerson (1997) that "One must look beyond generalizations ... and examine the strategies pursued by specific firms" (p. 213). The advantage of using the case study method and generating qualitative data in the interview process was that a wide range of information pertaining to sourcing practices at the company level was generated.

Subsequent data analysis yielded support for more than one perspective, giving further support for the complexity of the research topic and the ability of the case study method to accommodate this complexity.

Objective Two and Objective Three

Objective two was to determine if the evolution of sourcing practices at selected Manitoba apparel firms follow the taxonomy of global sourcing development by Monczka and Trent (1991). The taxonomy of global sourcing development by Monczka and Trent conceptualizes the evolution of global sourcing within a company as a four-phase developmental process.

The result of pattern matching was that for each case, the evolution of the sourcing practices appeared to follow the developmental process in Monczka and Trent (1991). The specific characteristics and strategies within each phase outlined by Monczka and Trent could be matched with the sourcing practices described in both case studies. From an evolutionary perspective, the development of international sourcing at both companies progressed similarly to that suggested by Monczka and Trent. From the case study, it appears that all the sourcing practices described by the two companies could be contained within Monczka and Trent's taxonomy. However, the results indicate that the taxonomy could possibly be modified to reflect both changes in the macroenvironment since the taxonomy was developed and practices specific to apparel companies. For example, since neither company

progressed from phase one to phase two, the taxonomy could be collapsed into three phases instead of four for apparel companies if further research verified this result.

The results of the cross-case comparison indicated that some of the results were replicated. For example, neither company progressed simply from phase one to phase two as suggested by Monczka and Trent but exhibited a blend of characteristics from phases two, three and/or four. A further similarity was that neither company initiated international sourcing using domestically based buyers (phase three, strategy one) but by using internationally based agents (phase three, strategy two). Both companies also underwent similar changes in terms of organizational structure and personnel capabilities.

Monczka and Trent (1991) stress that strict adherence to the developmental process is not necessary or desirable because of the competitive conditions faced by a company at the industry level. Even though there were many dimensions (e.g. product category, size) in which the two companies were different, there was remarkable consistency when the results of pattern matching were compared. The cross-case comparison improved the reliability of the results as it showed the taxonomy could be applied to apparel companies in two different product categories.

The results that fulfilled objective two allowed objective three to be met. The researcher was able to classify both companies according to the taxonomy. The results of pattern matching and cross-case comparison indicate that Monczka and Trent's (1991) taxonomy is a practical framework to apply to

the sourcing practices of apparel companies. From these findings, the researcher concluded that the taxonomy of global sourcing development by Monczka and Trent could be applied to the sourcing practices of apparel companies.

Limitations

There were limitations to this research. Because both companies were privately held, the researcher was not able to access financial statements that would have been useful in analyzing the companies' performance. Thus, the researcher was restricted to using secondary information such as sales and employment figures to structure and inform the analysis.

Another limitation to the method related to the informants. The majority of the information used to construct the cases came from an interview with an executive level key informant. According to Yin (1989) although the interview should be one of the most important sources of information for a case study, because it can be subject to problems created by poor recall, key informant bias or poor and/or inaccurate articulation, sources of corroboration should be sought. The key informants did not direct the researcher to other informants. Secondary sources of information in this case were extremely valuable in corroborating data from the interviews.

A practical methodological limitation was that the comparison of sourcing practices at the two companies was made over different

chronological periods and between different eras. At Gemini the chronological period was eleven years whereas at Western Glove Works the chronological period covered for sportswear was ten years and for bottoms only two. Western Glove Works, as stated by the informant, expected further evolution of its sourcing capabilities. As well, international sourcing was initiated at Gemini thirteen years before Western Glove Works initiated the international sourcing of bottoms.

A further limitation was that the results of the research might have been moderated by the size of the participating companies. Monczka and Trents' (1991) taxonomy was based on large American multinationals whereas Canadian apparel companies tend to be privately held SMEs (small and medium sized enterprises). The owners and CEO's of SMEs might be more directly involved with making sourcing decision.

Implications for Further Research

The results of this research lead to suggestions and recommendations for further research from both a practical and theoretical perspective.

Practical Implications

As the companies that participated in this research were privately held, access to information was limited. One practical methodological consideration would be to study publicly held companies. A major advantage of studying publicly held companies is that the researcher would be able to access a wide range of information to describe the evolution of sourcing practices. For example, annual reports contain valuable information about a company's decisions. The researcher would be able to seek information on sales, profits and other valuable information on the companies' performance.

Another way to overcome the obstacle of limited access to information would be to negotiate for greater latitude for collecting information at the initial meeting with the key informant. Negotiating greater access to individuals in the company would also overcome the problems associated with the single interview format such as key informant bias, poor recall and poor and/or inaccurate articulation. Negotiation for participant observation could also generate more corroborative evidence.

Another suggestion is to repeat the research with other product types. The participating companies operated in different segments of the apparel market, one outerwear, the other jeans and jean type bottoms. The results showed that the taxonomy could be applied to both these companies. Further research with these and other product types would provide additional evidence to ascertain the applicability of the taxonomy by Monczka and Trent for the apparel industry.

Theoretical Implications

The results of this research supported the findings of other research investigating apparel production location from various perspectives, that the complexity inherent in sourcing decisions lends support to several researchers' conclusions that no single theory can adequately predict sourcing decisions of apparel companies (Appelbaum, Smith & Christerson, 1994; Barff & Austen, 1993; Christerson, 1994; Christerson & Appelbaum, 1995; Donaghu & Barff, 1990; Mody & Wheeler, 1987; Taplin, 1994). The researcher does not recommend repeating research using a single theoretical perspective, but rather recommends further research follow the advice of Christerson and Appelbaum (1995). "Applying insights from various theoretical perspectives allows for a richer, more complete picture of the processes at work" (p. 1372). The results of this research show that the taxonomy of global sourcing development by Monczka and Trent (1991) captures the complexity of the sourcing practices of apparel companies. Therefore, the researcher recommends the taxonomy by Monczka and Trent as a starting point to structure further research.

Summary

The purpose of this research was to use the case study method to examine the evolution of sourcing practices of apparel companies for finished

garments and/or production by applying the taxonomy of global sourcing development by Monczka and Trent (1991). In order to assess the applicability of the taxonomy of global sourcing development by Monczka and Trent to the sourcing practices of companies participating in the apparel industry, two Manitoba apparel companies were studied.

In the spring of 2000, the interview schedule and questionnaire were developed and pretested. During the fall of 2000 and spring of 2001 case studies describing the evolution of sourcing practices for finished garments and/or production at two apparel companies were written. The case studies were in the form of a single narrative chronologically sequencing the evolution of sourcing practices for each participating company. The cases were constructed using several sources of information including a semi-structured interview, a questionnaire, and information from secondary sources such as trade magazines, business news journals and daily news publications. As a validating procedure the key informant reviewed each case.

The results of each case study were pattern matched with the taxonomy of global sourcing development by Monczka and Trent (1991). It was found that the evolution of sourcing practices for both cases were consistent with that suggested by Monczka and Trent. Cross case comparison as a form of replication logic confirmed this result.

REFERENCES

- Anderson, L. J., Warfield, C., Barry, M., & Emery, C. (1997). Toward a national model of an electronic decision support system for domestic sourcing of textiles and apparel. Clothing and Textiles Research Journal, 15(2), 65 – 75.
- Appelbaum, R. P., & Christerson, B. (1997). Cheap labour strategies and export-oriented industrialization: Some lessons from the Los Angeles/East Asia apparel connection. International Journal of Urban and Regional Research, 21, 202 – 217.
- Appelbaum, R. P., Smith, D., & Christerson, B. (1994). Commodity chains and industrial restructuring in the Pacific Rim: Garment trade and manufacturing. In G. Gereffi & M. Korzeniewicz (Eds.). Commodity chains and global capitalism (pp. 187 – 204). Westport, CT: Praeger Publishers.
- Balkwell, C., & Dickerson, K. G. (1994). Apparel production in the Caribbean: A classic case of the new international division of labour. Clothing and Textiles Research Journal, 12(3), 6 - 15.
- Barbee, G., & Carlyle, D. (1999, May/June). Managing the supply chain. Canadian Apparel Manufacturer, 23(3), 38 - 39.
- Barff, R., & Austen, J. (1993). "It's gotta be da shoes": Domestic manufacturing, international subcontracting, and the production of athletic footwear. Environment and Planning, 25, 1103 – 1114.

Bozarth, C., Handfield, R., & Das, A. (1998). Stages of global sourcing strategy evolution: An exploratory study. Journal of Operations Management, 16(2,3), 241 – 255.

Burns, L. D., & Bryant, N. O. (1997). The business of fashion: Designing, manufacturing, and marketing. New York: Fairchild.

Business and industry changes in Winnipeg. (1987, April/May). Western Industry and Commerce Magazine, (39), 2, 15 –16.

Canadian Market Watch. (1998, April). Soft line trends: The Canadian soft goods market newsletter, 3(2), 8 –10.

Christerson, B. (1994). World trade in apparel: An analysis of trade flows using the gravity model. International Regional Science Review, 17, 151 – 166.

Christerson, B., & Appelbaum, R. P. (1995). Global and local subcontracting: Space, ethnicity, and the organization of apparel production. World Development, 23, 1363 – 1374.

Clothier adds label. (1988, August 19). The Financial Post Daily,(1), 117, p. 5.

Consumer Products Industries Branch. (1997, December 9). The Canadian apparel industry. Available: [On-line]
<http://strategis.ic.gc.ca/SSG/ap03193e.html>.

Consumer Products Industries Branch. (1997, December 8). Implications for the Canadian apparel industry. Available: [On-line]
<http://strategis.ic.gc.ca/SSG/ap01893e.html>.

- Day, G. S. (1990). Market driven strategy: Processes for creating value. New York: The Free Press.
- Dickerson, K. G. (1985). Managing textiles in the global marketplace. ACPTC Proceedings: Combined Central, Eastern, and Western Regional Meetings, 18 – 21.
- Dickerson, K. G. (1988). The textiles sector as a special GATT case. Clothing and Textiles Research Journal, 6(3), 17 – 25.
- Dickerson, K. G. (1995). Textiles and apparel in the international economy (2nd ed.). New York: Macmillan Publishing Company.
- Donaghu, M. T., & Barff, R. (1990). Nike just did it: International subcontracting, flexibility, and athletic footwear production. Regional Studies, 24, 537 – 552.
- Dunlop, J. T., and Weil, D. (1996). Diffusion and performance of modular production in the U.S. apparel industry. Industrial Relations, 35(3), 334 – 355.
- Edmonds, S. (1999, March 28). Manitoba economy on a roll. Canadian Press Newswire.
- Focus: The fashion industry. (1977, Fall). Manitoba Business Review, 2(3), 4 – 11.
- Forney, C. J., Rosen, D. M., & Orzechowski, J. M. (1990). Domestic versus overseas apparel production: Dialogue with San Francisco based manufacturers. Clothing and Textiles Research Journal, 8(3), 39 – 44.
- Garment manufacturers weave close bond. (1996, April 3). Financial Post Daily, (9), 35, p.11.

Gemini Fashions of Canada Ltd. Outerwear is our business [Brochure].

Winnipeg, Canada: Author.

Glasmeier, A., Thompson, J. W., & Kays, A. J. (1993). The geography of trade policy: Trade regimes and location decisions in the textile and apparel complex. Transactions of the Institute of British Geographers, 18, 19 – 35.

Glock, R. E., & Kunz, G. I. (1995). Apparel manufacturing: Sewn products analysis (2nd ed.) . Englewood Cliffs, NJ: Prentice-Hall, Inc.

Hamilton, J. A., & Dickerson, K. G. (1990). The social and economic cost and payoffs of industrialization in international textile/apparel trade. Clothing and Textiles Research Journal, 8(4), 14 – 21.

Helgason, M. P. (1984). Product planning in apparel manufacturing. Unpublished master's thesis, University of Manitoba, Winnipeg, Manitoba, Canada.

Human Resources Development Canada. (1997, November). Human resources needs analysis of the Canadian apparel industry: Issues and recommendations. Author.

Industry Canada. (1997). Sector competitiveness frameworks: Apparel part 1 – Overview and prospects. (Cat. No. C21-22/16-1-1997). Ottawa: Author.

Jean maker helps recession blues fade, creates 167 jobs. (1991, February 15). The Winnipeg Free Press, p. 1.

Kotler, P., Armstrong, G., Cunningham, P. H., & Warren, R. (1996). Principles of marketing (3rd ed.). Scarborough, Ontario: Prentice Hall

Kurt Salmon Associates. (1998). Consumer outlook '98 : KSA's annual consumer outlook survey results. Available: [On-line]

http://www.kurtsalmon.com/KSA_library/libraryindex.html.

Kunz, G. I. (1995). Behavioral theory of the apparel firm: A beginning. Clothing and Textiles Research Journal, 13(4), 252 – 261.

Love, M. (1984, November). Gemini shuts Morden plant. Manitoba Business, 70(40), 75.

Love, M. (1996, October/November). Industry leader Gemini celebrates 25 years of excellence. Trade and Commerce, 91(4), N1 – N7.

Love, M. (1998, January/February). Canada's high performance companies. Canadian Apparel Manufacturer, 22(1), xii - xiii.

McCracken, A. (1998, November). A tradition survives: Manitoba's apparel sector sees the future. Manitoba Business, 20(9), 10 –12.

McNeill, M. (1998, May 1). Labour shortage prompts business fears. Canadian Press Newswire.

Manitoba Fashion Institute. (2000). Listing of Manitoba manufacturers. Available: [On-line] <http://www.apparel-manitoba.org>.

Manitoba's garment industry losing jobs due to immigration rules. (1995, September 18). Canadian Press Newswire.

Marshall, C., & Brossman, G. B. (1989). Designing qualitative research. Thousand Oaks, CA: Sage Publications.

Maxwell, J. A. (1996). Qualitative research design: An interactive approach. Thousand Oaks, CA: Sage Publications.

Miles, M. B., & Huberman, A. M. (1994). Qualitative data analysis: An expanded sourcebook (2nd ed.). Thousand Oaks, CA: Sage Publications.

Monczka, R. M., & Trent, R. J. (1991). Global sourcing: A development approach. International Journal of Purchasing and Materials Management, 27 (2), 2 – 8.

Monczka, R. M., & Trent, R. J. (1992). Worldwide sourcing: Assessment and execution. International Journal of Purchasing and Materials Management, 28 (4), 9 – 19.

Mody, M., & Wheeler, D. (1987). Towards a vanishing middle: Competition in the world garment industry. World Development, 15 (10/11), 1269 – 1284.

National Sector Team – Consumer Products. (1998, August 10). Apparel. Available: [On-line] <http://stratigis.ic.gc.ca/SSG/bi18020e.html>.

Neuman, W. L. (1997). Social research methods: Qualitative and quantitative approaches (3rd ed.). Needham Heights, MA: Allyn & Bacon.

Ottawa brief: Manufacturers or merchandisers?. (1996, January). Apparel Insights: The Canadian apparel market Newsletter, 1, (1), 1, 6 – 8.

Patton, M. Q. (1990). Qualitative evaluation and research methods (2nd ed.). Thousand Oaks, CA: Sage Publications.

Retail concentration increases with HBC's acquisition of K-Mart Canada. (1998, April). Soft line trends: The Canadian soft goods market newsletter, 3(2), 1

Richardson, J. (1996). Vertical integration and rapid response in fashion apparel. Organization Science, 7, (4), 400 – 412.

Roberston, B. (1991, March 15). Clothes maker Gemini expands factory. Winnipeg Free Press, p. 40.

Stake, R. E. (1994). Case studies. In N. K. Denzin & Y. S. Lincoln (Eds.) . Handbook of qualitative research (pp. 236 – 247). Thousand Oaks, CA: Sage Publications.

Statistics Canada. (1996). Family expenditure in Canada 1996. (Catalogue No. 62-555-XBB). Ottawa: Author.

Swamidass, P. M., & Kotabe, M. (1993). Component sourcing strategies of multinationals: An empirical study of European and Japanese multinationals. Journal of International Business Studies, 24(1), 81 – 98.

Taplin, I. (1994). Strategic reorientation of U.S. apparel firms. In G. Gereffi & M. Korzeniewicz (Eds.), Commodity chains and global capitalism (pp. 205 – 222). Westport, CT: Praeger Publishers.

The apparel export picture: To what do we owe our success in the U.S.? . (1999). Soft line trends: The Canadian soft goods market newsletter, 4(3), 8 – 10.

Veni, vidi, vici; U.S. style. (1996, January). Apparel Insights: The Canadian apparel market newsletter, 1(1), 1, 6 – 8.

Wall, M., Wilcock, A., & Sommers, M. (1992). The retail buying of fashion goods: Qualitative analysis of sourcing decisions. Administrative Sciences Association of Canada, 13(6), 179 – 188.

Western Glove Works. We don't make gloves. [Brochure]. Winnipeg, Canada: Author.

Western Glove works on deal for Winnipeg jean firm. (1988, August 16). The Globe and Mail, p. B7.

Winnipeg garment firm plans day care centre. (1986, September 21). The Winnipeg Free Press, p. 24.

Yin, R. K. (1989). Case study research: Design and methods. (Rev ed.). Thousand Oaks, CA: Sage Publications.

APPENDIX A
Interview Guide

INTERVIEW GUIDE

PARTICIPANT # _____

SECTION ONE

INTRODUCTION

Thank-you for agreeing to meet with me today. During this interview I will be asking you a set of questions about the sourcing of finished garments at your company.

Remember, you may choose not to answer any questions you are not comfortable answering. At the end of the interview, I would be happy to answer any questions YOU HAVE about this research project.

TURN ON THE TAPE

SECTION TWO – SOURCING PRACTICES

1. Can you tell me what the phrase “sourcing of finished garments” means to you?
2. Can you describe to me how the international sourcing of finished garments is handled at your company?
3. How has the international sourcing of finished garments evolved at your company?
4. What made your company source finished garments internationally?

IF EITHER OF THE FOLLOWING TWO FACTORS ARE NOT MENTIONED ASK:

A). How did the need to satisfy customer requirements influence your companies’

decision to source finished garments internationally?

B). How did your competitors’ actions influence your companies’ decision to source

finished garments internationally?

5. Was there a critical moment when your company realized it needed to source
finished garments internationally?
6. Was there a time that your company did not source finished garments
internationally?

7. What types of information does your company need to obtain about the international sourcing of finished garments?
8. Do you consider what you just told me to be a low or high need for information about the international sourcing of finished garments at your company?
9. Does your company limit its search for sources of supply for finished garments to geographical regions?
10. Do you feel there is resistance to the international sourcing of finished garments by company members? If yes, why? If no, why?
11. At what level is there support for the international sourcing of finished garments at your company?
12. Who in your company is responsible for the management and monitoring of the international sourcing of finished garments?
13. Can you tell me if the international sourcing of finished garments has benefited your company? If yes, in what ways? If no, why not?
14. Are there any mechanisms in place to measure and reward global sourcing performance?
15. Would you consider your company to have low or high need for the integration of organizational and informational systems for the international sourcing of finished garments?

16. Can you tell me if there are uniform sourcing practices for the sourcing of finished garments across all divisions at your company? If no, can you elaborate and tell me in what ways sourcing of finished garments differs across or between divisions?

That ends the interview. Thank-you for your time today. Do you have any questions about the research project?

APPENDIX B

Questionnaire



UNIVERSITY
OF MANITOBA

Faculty of Human Ecology

**Meghan Gray, Graduate Student
Clothing and Textiles Department**

c/o H518 Duff Roblin, Winnipeg, Manitoba, Canada R3T 2N2
Ph: (204) :
E-mail: umgraym@cc.umanitoba.ca

1 November, 2000

Dear Sir/Ma'am,

Your firm is participating in a research project investigating the evolution of sourcing practices for production and/or finished garments at selected Manitoba apparel firms. The enclosed questionnaire is the second part of a two-part commitment made by your firm.

When the questionnaire is completed, please call me at _____ and I will pick it up.

I would like to thank-you for your time. Your responses will be invaluable to the quality of the research. Please do not hesitate to contact me or my advisor, Dr. Lena Horne, if you have any questions.

Sincerely,

Meghan Gray
Graduate Student
Clothing and Textiles
Phone:
E-mail:
umgraym@cc.umanitoba.ca

Lena Horne, Ph.D
Assistant Professor
Clothing and Textiles
Phone: 474-9914
E-mail:
horne@ms.umanitoba.ca

QUESTIONNAIRE

SECTION ONE

The questions in this section refer to the entire company.

1. Can you describe your companies' product category?

2. What are the different divisions at your company?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

4. What are the total sales of your company?

5. How many people does your company employ?

6. Can you tell me how many of these employees are sewing machine operators?

SECTION TWO

Please complete this section for each different division at your company.

DIVISION NAME _____

1. For this question there is a set of answers for you to look at and choose from. You can choose more than one answer.

How would you characterize the production of garments in this division?

MAKE-TO-STOCK - Garments in this division are shipped _____
from finished goods, "off the shelf", and therefore is finished prior
to a customer order arriving.

MAKE-TO-ORDER - Garments are manufactured _____
after receipt of customer orders.

MADE -TO-ORDER - Manufacturing does not begin production _____
on the order until all design specifications are determined by the
customer.

OTHER, SPECIFY : _____

2. For this division can you tell me the breakdown of manufactured cost for

_____ LABOR;
 _____ MATERIALS; and
 _____ OVERHEAD

as a percent of total manufacturing cost?

3. What is the average lead-time for the production of garments in this division?

4. Would you consider the products in this division to be

FASHION, _____
 BASIC, _____
 SEASONAL, and/or _____
 STAPLE. _____?

5. How many lines are designed each year in this division?

6. For this question there is a set of answers for you to look at and choose from.
 You can choose more than one answer.

The product(s) in this division are currently in which of the following stage of its
 life cycle:

_____ INTRODUCTORY STAGE - Primary demand is starting to grow.

_____ GROWTH STAGE - Demand growing at 10% or more annually
 in real terms.

_____ MATURITY STAGE - Products or services familiar to vast majority of prospective users.

_____ DECLINE STAGE - Products viewed as commodities: weaker competitors beginning to exit.

_____ OTHER, SPECIFY

7. Are the garments in this division produced in:

_____ % MANITOBA;

_____ % CANADA; or

_____ % OTHER, SPECIFY?

8. Are the manufacturing facilities where the garments in this division are produced:

_____ % Owned by your company;

_____ % Partly owned by your company;

_____ % Contractors; or

_____ % Other?

APPENDIX C

Letter of Approval – Human Ecology Ethics Review Committee



THE UNIVERSITY OF MANITOBA

DEPARTMENT OF FAMILY STUDIES

219 Human Ecology Building
Winnipeg, Manitoba
Canada R3T 2N2

(204) 474-8053
(204) 474-7592 FAX
higgitt@cc.umanitoba.ca

28 June 2000

Dr. Lena Horne & Ms. Meghan Gray
Department of Clothing and Textiles
University of Manitoba

The Ethics Review Committee has considered your submission, #0012 "Sourcing Practices of Selected Manitoba Apparel Firms." The committee finds this proposal meets the guidelines and is approved.

Sincerely,

Nancy C. Higgitt, PhD
Chair
Faculty of Human Ecology Ethics Review Committee

APPENDIX D
Letter of Introduction



UNIVERSITY
OF MANITOBA

Faculty of Human Ecology

**Meghan Gray, Graduate Student
Clothing and Textiles Department**

c/o H518 Duff Roblin, Winnipeg, Manitoba, Canada R3T 2N2
Ph: (204) 8
E-mail: umgraym@cc.umanitoba.ca

Mr. Michael Silver
Western Glove Works
555 Logan Ave
Winnipeg, MB
R3A 0S4

Dear Mr. Silver,

As you are aware, I am presently a graduate student in the Department of Clothing and Textiles at the University of Manitoba. The last step for me to complete in this process is my thesis. For my Master's thesis I am investigating the evolution of sourcing practices for production and/or finished garments by Manitoba apparel firms. I have selected your firm to solicit for participation in my research because my preliminary investigation has shown your firm to be progressive, successful and an industry leader in the area of global sourcing.

The objective of my research is to describe the evolution of sourcing practices for finished garments at selected Manitoba apparel firms. In doing so, I will be applying a model of global sourcing development to see if this model can be applied to your firm. I am interested in whether apparel firms go through the stages the model suggests. Because what you do may be different from what the model suggests, regardless of the fit of the model to the apparel industry, ultimately, I would like to be able to describe what your firm has done over time when sourcing production and/or finished garments.

To enable me to describe the evolution of sourcing practices, I will be using the case study research method. The case study method is a research method or describing and understanding events, processes and/or outcomes in great depth within their real-life setting. Participation in

this research would involve a two-part commitment. The first is an interview with either yourself and/or someone involved in sourcing at your firm during which I would ask a series of questions about the historic and current practices pertaining to sourcing of finished garments at Western Glove Works. The second is a short, self-administered pencil-and-paper questionnaire, which could require the input of a number of different people at your firm such as the CEO, the CFO, the Import Manager and/or Merchandise Manager.

This research has been approved by the Human Ecology Ethics Review Committee. I would like to stress the voluntary nature of your participation. If you choose to participate, you would be free to withdraw anytime; you and your representatives do not have to answer any questions that you do not feel comfortable answering. To ensure accuracy, you would also be asked to review the case after it is written.

The final product of my research is a bound copy of the thesis that will be available to the public through the University of Manitoba Library system. Hence, a critical issue for you to consider is how you would like to handle the naming of your firm if you agree to participate. We can talk about this over the phone in the near future.

I would like to thank you for your time and consideration. Your participation would be invaluable to the quality of my thesis and would contribute greatly to the scant body of knowledge on the sourcing practices of apparel firms. I will be calling you in a week to discuss with you whether your firm would consider participating and the conditions under which you would feel comfortable participating. Please do not hesitate to contact me or my advisor, Dr. Lena Horne, if you have any questions.

Sincerely,

Meghan Gray
Graduate Student
Clothing and Textiles
Phone:
E-mail:
umgraym@cc.umanitoba.ca

Lena Horne, Ph.D
Assistant Professor
Clothing and Textiles
Phone: 474-9914
E-mail:
horne@ms.umanitoba.ca

APPENDIX E
Cover Letter for Case Review by Key Informants



UNIVERSITY
OF MANITOBA

Faculty of Human Ecology

**Meghan Gray, Graduate Student
Clothing and Textiles Department**

c/o H518 Duff Roblin, Winnipeg, Manitoba, Canada R3T 2N2
Ph: (204)
E-mail: umgraym@cc.umanitoba.ca

Mr. Michael Silver
Western Glove Works
555 Logan Ave
Winnipeg, MB
R3A 0S4

Dear Mr. Silver,

First of all, I would like to thank-you again for your generosity and invaluable contribution. Your participation has contributed greatly to the scant body of knowledge on the sourcing practices of apparel firms. I am very excited to be able to send you the draft case for you to review for accuracy.

As outlined in my initial letter to you, reviewing the completed case for accuracy is the final part of your company's participation in this research. After you have reviewed the case, I will then be applying a model of global sourcing development and analyzing for similarities and differences.

The objective of the case is to describe the evolution of sourcing practices for production and/or finished garments at your firm. In doing so it was important to frame the evolution of sourcing practices within the historical context of your company's development. This has enabled me to develop the greatest possible understanding. The information used in constructing the case has come from several sources: from our interview, the questionnaire, and a number of articles that are in the public domain. I have included a complete reference list, found at the end of the draft case, for all these sources of information.

I will be calling you in a week to determine a time to meet in order to address any concerns you have. Please do not hesitate to contact me if you have any questions.

Sincerely,

Meghan Gray
Graduate Student
University of Manitoba
Clothing and Textiles
Phone:
E-mail: umgraym@cc.umanitoba.ca

APPENDIX F
Case Approval letter



UNIVERSITY
OF MANITOBA

Faculty of Human Ecology

**Meghan Gray, Graduate Student
Clothing and Textiles Department**

c/o H518 Duff Roblin, Winnipeg, Manitoba, Canada R3T 2N2
Ph: (204)
E-mail: umgraym@cc.umanitoba.ca

November 15, 2001

Mr. Michael Silver
Western Glove Works
555 Logan Ave
Winnipeg, MB
R3A 0S4

Dear *Michael* Mr. ~~Silver~~,

Thank you for taking the time to meet with me to review the case of the evolution of sourcing practices at your company.

In order to properly document the research process I would like to ask if you would sign this letter indicating that you are satisfied with the content of the case.

My apologies for not having this for you to sign at our meeting, but I was unaware of the need to request your permission to use the case in writing.

I, Michael Silver, have reviewed the following case for accuracy:

The Evolution of Sourcing Practices at Selected Manitoba Apparel Firms
Case Two
Western Glove Works

Signature _____

Date *Dec 14/01* _____

Thank you for your attention to this matter. I will call you in one week to arrange to pick up the letter.

Sincerely,

Meghan Gray
Graduate Student
University of Manitoba
Clothing and Textiles
Phone: 831-0423
E-mail: umgraym@cc.umanitoba.ca



UNIVERSITY
OF MANITOBA

Faculty of Human Ecology

**Meghan Gray, Graduate Student
Clothing and Textiles Department**

c/o H518 Duff Roblin, Winnipeg, Manitoba, Canada R3T 2N2
Ph: (204)
E-mail: umgraym@cc.umanitoba.ca

November 15, 2001

Mr. Gary Steiman
Gemini Fashions
61 Juno Ave.
Winnipeg, MB
R3A 1T1

Gray
Dear Mr. Steiman,

Thank you for taking the time to meet with me to review the case of the evolution of sourcing practices at your company.

In order to properly document the research process I would like to ask if you would sign this letter indicating that you are satisfied with the content of the case.

My apologies for not having this for you to sign at our meeting, but I was unaware of the need to request your permission to use the case in writing.

I, Gary Steiman, have reviewed the following case for accuracy:

The Evolution of Sourcing Practices at Selected Manitoba Apparel Firms
Case One
Gemini Fashions of Canada Ltd.

Signature _____

Date _____

Nov 30 - 01

Thank you for your attention to this matter. I will call you in one week to arrange to pick up the letter.

Sincerely,

Meghan Gray
Graduate Student
University of Manitoba
Clothing and Textiles
Phone:
E-mail: umgraym@cc.umanitoba.ca