

EXTREME DIFFERENCES IN THE FASHION INDUSTRY

Executive Summary

The clothing industry is one of the most profitable industries in the world today, generating trillions of dollars every year. Organizations in the clothing industry have been studied for years due to their successes, with the focus on the organizational structure, manufacturing and selling strategy, innovation and ethical standards. This report provides an analysis and evaluation of the organizational design of several multinationals in the clothing industry. It also identifies the extreme differences between our selected companies, along with how these trends have strengthened or impaired the success of these companies. After thorough research, the team chose four companies that demonstrate examples of extreme models. The companies chosen, namely Zara, Nike, Roots and TOMS Shoes are analyzed in detail in the report using the lessons taught in organizational theory and design.

Facing increasing pressure from social activists and an intensely competitive environment, clothing retailers have many stakeholders that they need to satisfy. In light of this, it is virtually impossible for all the stakeholders to be fully satisfied; for example, a high profit margin would satisfy the shareholders, but that could mean that workers overseas would need to work for a 32 hour shift. Certain compromises would have to be made for an organization to be balanced, although it is unrealistic that a balanced company would mean that all stakeholders are pleased.

Some organizations have differentiated their products by specializing and offering only a particular type of product, such as shoes or sportswear. Firms in the clothing industry have a strong reputation for quality and innovative design. Innovation can be achieved through unique products such as Nike's Fuelband, or through a charitable approach to their sales, such as TOMS' "one for one" movement.

A successful organization in the clothing industry needs a strong and relevant organizational structure. In addition, the manufacturing techniques that the organizations use include marketing distribution and technology to improve manufacturing process by reducing cost and cycle time. On the other hand some organizations market their manufacturing process to attract customers. Each organization has its unique marketing and innovation strategy depending on the market segment, which shows the complexity of the clothing industry from an organizational design point of view. As a closing note, it is necessary to mention that the companies we focused on were multinationals with a history of success throughout the years.