

Appendices 2 – 9: Interviews summaries

1.1 Appendix 2: Summary interview 1 - Senior VP Global Product

I am in charge of product development, production, sourcing, quality which is a big amount of different tasks.

The ultimate mission of my work is to make sure that everything runs smoothly across all the businesses that I manage.

1.1.1 Sustainability

There is corporate responsibility from the viewpoint of the public relations and the operations of the company on a broader level that would be keeping within the norms of regular standards are. We have been a pretty long term growth curve where you are always playing catch up to do what is front of you for the short term and not the long term.

I for example have not been involved at my level in any long-term strategy meetings. At other companies they may have those on a regular basis and talk about what is our 5 year plan and how are we going to get there and other things go in that such as the company's footprint on the environment and all of that. That has not been something that we have talked about as a management team where I have been involved.

1.1.1.1 Sweatshop issues?

No and to be fair to Nike and those others that was in apparel where the conditions and some of things happened not in their footwear manufacturing. The apparel was much more spread out over different countries and different locations and stuff the same with us we have compliance personnel we are constantly auditing the factories ourselves you know we have to check all the paper work for the workers as part as what we do as a public company to make sure of that. When we go abroad we go into our factories. In a year time period of time I have been physically in all of our factories to check the working conditions.

1.1.2 Collaboration

Absolutely, we are a very collaborative group and it starts out with the group of people that are in the management team, who have all been here working with Robert since the days of LA Gear including David Wijnberg, Linda Cumming, Larry Clarck... there is a

group of people since we have all seen the growth of the company since we have started out where it was much smaller and everybody wore multiple hats and we had to work together for joint purposes so now even though we manage a lot of people still the team work that takes place between all of us is definitely one of the strengths of the company.

1.1.2.1 Means

We **don't have a lot of cross-management meetings** between the different departments but we see things come up and we inform each other, we send an email or more often not because it is time consuming to formulate a whole email just pick up the phone and ask a question.

In the **product development category** where I spend the majority of my time, we do have **meetings** with different merchandisers for the different divisions that Robert will pull together. So that way if we have a key initiative like memory foam across all categories. It is women, men kids we have meetings about that, we are updating to an air-cooled memory foam, we talk about how to spread that, we talk about specific materials. If we are doing nit and we wanna have those kind of materials represented through all the products. So there are definitely a lot of synergies between the different product teams and there are more formalized meetings of everybody getting together.

1.1.2.2 Stakeholders

In my world, it would be for sure **the factories** that make our production for us. We have our group of factories of about 7 or 8 core factories that have been with us for around 15 years. We are partners, we are more than just supplier and customer, we build and plan our future together.

In addition to the factories, obviously there is **suppliers** who create different materials. Memory foam suppliers for instance, we put that in everything that we do now so they have to make sure to keep their quality level up to keep our sales up so that we can continue growing together.

And probably also be our **wholesale accounts** and our **various distribution partners**.

Very good relationships with them

1.1.2.3 Standards/processes

It is really based on a mutual respect and problem-solving capability.

We communicate well, I have a policy for the areas that I work, our business is always gonna have problems in the manufacturing process. As long as you inform us and are upfront and tell us that we hit a problem we'll do everything to work with you to avoid making a claim or avoid financial difficulty. Appendix 2

If on the other hand to **try to hide things from us** and we find out about it we will charge you back as much as we need to to take care of the problem. If it is air freight or... because we fell like you were cheating on us.

If we work through problem-solving together we will **share whatever the difficulty is as partners** as long as you don't hide something. So as long as I have been in charge of sourcing for 8 years now at least, I think they have gotten that message across. That has **fostered good relationships** where everybody feels that they are a member of the team.

1.1.3 Decision-making

I manage a total of 300 hundred people because China alone is 200 plus and here there is another 150 or so. Well, direct reports I have the VP's of each of the product categories who report to me. The person who has the Asia Office reports to me, the person who has quality for the Asia office reports to me, the people here for quality report to me. But there is only one VP over there.

1.1.3.1 Decision process

Generally collaborative and there is open discussion about issues, a lot of the decision making that I am involved in involves what Robert who is my direct boss want to wants to accomplished or have done. But he is **always open to listen** to my views or other peoples view, he asks a lot questions.

We will have meetings of like a product development team with various people. He will ask opinions about things. So it is usually **collaborative** but on the other hand there are things as an owner founder he knows what he wants, he has a vision and he'll listen to other people if they have a different vision but will still **ultimately following what he would like done.**

1.1.3.2 Standards/processes

Absolutely, for the materials that go in the shoes there is a whole **substance list** because there is a worldwide chemical properties and all that.

We have also standards for all the different **production, abrasion** (durability of rubbing against each other) and **bonding**. There is so many test in footwear I mean it is crazy. Testing people make a lot of money. So we have **standards about how often we have to test**.

Standards are determined a little bit by both Skechers and the Law.

For example, Europe has the highest standards for chemicals in footwear so we follow from our DC in the States we may ship to Europe so we have to follow the highest standards allowable and we use that for all of our products.

We also avoid any mistakes happening. Other standards for the durability of an outsole, there are also industry standards but that varies because the more you pay the better the standards are for the durability so those aren't set by any governing body really. Its kind of more Nike has there standards we follow very similar to them.

The discount industry where you get shoes for a lot cheaper has a different set of standards. So those kind of things would vary depending on the price of the ultimate customer and all of that.

1.1.3.3 Gaps

Not generally, the only thing that would happen would be when we are working on pricing or even capacity growth and they need to make an investment maybe faster that we want because we are rasing up. But generally we are on the same page as long as they feel that there is business for them.

On the other hand, they also realize that in the economic situation of the world that there are uncertainties, I think after 9/11 everybody really got that. They know that as long as we have a commitment to do business together and grow together even if we may miss a projection or something that's ok they understand.

1.1.3.4 Issues with stakeholders

The most challenging have to do when things are not running as you expect them to and you have a downturn in business which we had happen after our shape-ups where the market got floated by competitors.

A lot of people were getting into it and our business really fell off and started taking a lot of drastic cancellations and everything so it became very hard because we, for the health

of our business, had to work to work with the factories and our suppliers because we couldn't take all the goods that were in the pipeline.

So they're when you have commitments to people that actually have to break it becomes difficult and you kind of work your way through it but it is very difficult because everybody did what they were supposed to do and then it is disappointing when something that severe happens and it was severe how it really stopped on a nanosecond and everything got really backed up.

1.1.3.5 Challenge

The biggest challenge that we have ultimately it is still people and getting the right people regardless of the supply chain even.

What makes the supply chain is still the **quality of the people** who are in management in the various factories or suppliers. There is a difference between somebody who has a vision for the future lead a team and really build something and creatively partner to problem-solve and invent technology bring things to us to help us grow versus mediocre management that can barely keep their head above water and is always in crisis management and can never quite give you a straight answer or keep promising that they'll do better but mistakes keep happening so the strength is still really all about the people.

What we can do about the **management of our partners** is that we do more business with the people with the strong management and we do a lot less business as we see repeated mistakes happen and we see that the people don't have the teams in place we'll sit and have discussions about what they have to do and what their shortcomings are for what they need to strengthen but ultimately if the management doesn't have the vision to see it or to realize how important it is that they change because sometimes they are not strong enough either to do the hard thing.

Sometimes you have to **let people go and replace them with more qualified people** or people who have a vision and sometimes people can't do that at our factories and companies so that become part of the difficulty of saying to somebody you're just not doing good enough and for us to sustain our growth we can't really continue together and they really can't even understand that. So that is the hard part.

1.1.3.6 Conflicts/contradictory demands

One of the main conflicts is still as a company we wanna drive for better price but we also want our partners to invest.

They need to make a profit to stay healthy to keep growing, we are doing a big move right now from China to North Vietnam that requires building factories so I get caught between the pressure of still we need to have the best price for the company but I know that the suppliers are trying to have some additional money so that they can continue to make the investment but I know that that is not really my problem but they talk to me about that so I kind of get stuck in the middle and then we just have to tell them that we will keep growing and that they have to get more efficient and they still have to give us the price that we want.

I let them say their piece but that is how we handle things.

1.1.3.7 Environment/Recycling materials

There are companies like Timberland even Nike has done a good job taking the lead as well with how they are looking with supply chain and especially environmentally friendly processes and making that actually like a measure of suppliers that they are doing business with and actually writing them on it.

I have seen what Nike does, for **Skechers our mission statement** to the consumer would still be we are about providing a value for the product that they get. It is going to be durable, trend right, it will last a longtime and it is definitely going to be one of the most comfortable shoes and that is more our message in the market place or what we communicate.

Looking at the components when we are using like more recycling materials those actually cost more to use that it does to use the regular version. Hopefully one day that will flip but to right now those kind of products where you think this is waste material anyway but the process is still so expensive of recycling things that to use those actually costs more. For us if you offer that and you are going to charge more, people generally aren't willing to pay more for it. So that is really the challenge that we face with that specific issue.

1.2 Appendix 3: Summary interview 2 – VP Planning and Allocation

1.2.1 Presentation

Skechers is a global shoe manufacturer. As the VP of planning allocation I work under the senior VP of supply chain management. I kind of do that but she is global supply chain management and I deal mainly with domestic and some of the south American. I have data entry, I have customers compliance, vendor compliance and imports, and allocations is we send all the information to the distribution centers to tell them what they need to get out the door (inventory with all the customers orders including our retail stores and international distributors for timely and accurate shipping to our customers).

1.2.2 Department & Tasks

I manage 15 people in total, which includes the customer/vendor compliance department looks at all routing guides our customers send in, making sure that we are following their routing, their ticketing, their packing requirements, all of that. So I have a team of people that does the allocations, I have a team that works on customers compliance, I have a team of people that handles all the import and then of course I have data entry people (most of our orders are done electronically now, but we do have some that are manually entered). So the team that we have here, the allocations department, they look at everything and say we can't do this, they can take this now, this guy can take the next production that is coming in, they move things around and gives all the information to the distribution centre. We are kind of the police of everything. They see the whole picture, all of our inventory, all of our web, all of our open order.

The ultimate mission of this department is to ship all the shoes we possibly can. We want utilize our inventory the best way as possible to meet our customers needs and our own.

1.2.3 Collaboration

I work very closely with the distribution centres. I also work closely with the production department because in allocations we see the whole picture, we may need to try to get earlier production because we might be late for orders (work with the factories to try to get the production moved up or make air shipments...). We work with customer service very closely as well, because we constantly need to get either extensions or we want to

know where the distros are for bulks. We work very close with imports, which I am part of and the distribution centre, production and also the design area... with everybody. I mean you really get a full picture when you work under allocation so you need these areas. We have grown so much, I work with very closely with my senior VP, she goes to Hong Kong. I used to go but everything has change as the company has grown bigger. She travels a lot more because someone has to be here so we cannot be both gone at the same time. It's too hard. People need one of us to be here.

I've been working here for 18 years, so I used to know everyone, and as you said, like I am now I cannot know everyone. You know, it used to be a little more difficult because we did a lot of things with paper and now most of it is electronic so it's not difficult. You know you call them, you email them, everything is so much easier. You don't know the people, you don't know the faces, so when we go to our holiday parties or sales conferences that's where you get to know the people. I don't know everyone, when before I used to know almost everyone. A lot of them probably know me because they have to deal with me or my department but they don't know us and they have no idea of who we are. So I think now it doesn't really matter anymore. It used to, but not anymore. And we have so many buildings and a new building adding up. The relation between the different departments is good. You have too have a good relationship. I think it is because, we all know each other, we work together around the same teams and we are going towards the same goal. I mean I think everyone gets along really well. I don't know if there are specific means put in place to facilitate collaboration, but we all do speak all the time when we have issues because everything affects so many different departments, then we all meet together. Two of us might talk and then we think we need to get everyone together. There is not thing put in place but we just have meetings or conference calls because we are in different buildings. The distribution centre is so far away, so we do that.

1.2.4 Sustainability

Sustainability is mainly in the distribution centre. So we use recyclable cartons, and we do use recyclable papers, we have bins that we put all of our paper in. Some of the offices have lights that turn off when people leave and we don't use a lot of paper now, everything is on the computer now. If you came here last year, the allocation report was printed every day. So that we cut it down it's all on the computer screen now, they also

have a lot of automation on that where they used to manually clic the stuff. That helps and we did gain time, it is much more efficient. There is no specific CSR action for this department, the only thing I do, once a year I go to the port long beach and they have this women lunch. They bring young girls from high schools, juniors and seniors, from around the areas and lower income areas and they have this launching for them. They have all these professionals women that work in and around the Long Beach port and they actually give them insight as to what kind of jobs they could get and they want them to grow up and work at the port of LA in the logistics. The port of Long beach asked me to take part in this.

1.2.5 Supply chain (external)

So Skechers external stakeholders, we have our freight forwarders, our factories, our customs brokers, and we have the trucking companies that move goods from the port to the distribution center. I work with them very closely actually. Prioritizing containers, in fact I mailed with the forwarder this morning. I work very closely with them, I work with them on pricing and on any kind of issues we have at the port or with the steam ship lines... We really have very long term relationship with everyone. There have been certain changes that came about. From the very start, we did have to change our forwarders and customs brokers but the ones we have now are the ones we have had for probably 17 years on the 18 I've been here. But our freight forwarder used to be an agent of our customs broker and then our customs broker bought a freight forwarder in China and split from their agent. But we kept with the freight forwarder that was our agent because that's the relationship, but we kept our customs broker. They have to work together but they are not partners anymore. And our customs broker has been bought three times, but they are still here. The trucking company that we use is the same we use since I've been working here and he sold but the owner of the company stayed in handle of the business. Those kind of things happen. We have to have processes that ensure collaboration and communication, once a year we have to talk about our charges, we always are talking and negotiating on rates and you know, just go through so many different things over the year and business has changed. All the truckers used to be on owner operated and now they changed to employees. So we work with them, we talk with the every week, we have to prioritize and let them know what's important but we have to constantly adapt to the changes.

1.2.6 Decision-making

I'm not sure there are technical or operational processes determined by Skechers for this department. There is definitely a chain of command, of course. My boss is senior VP, she is the one that really makes the final decision. So anything that I wanna change or people have brought to me, I have definitely to take it to her and sometimes she has to take it to the CEO of the company. That kind of how it is. Everything that is monetary, financial definitely has to be brought to the senior VP and the CEO. It's a pretty flexible company and I think it's very reasonable. I don't think that anything that comes down or that I decide or anyone above me decides is ever unreasonable. I would think that you have worked here so you probably know. We do have some things, we work with logistics, our customer broker and freight forwarders... but they usually provide us with that or we give them, these standards operating procedures. I'm sure that there is some place that we could use some more operating standards. Distribution is one that should really put more of those into place, because.. we have a lot of temporary employees, we have the system that controls our inventory have steps that you have to take, and if you don't take those steps, things can get lost. And distribution centre definitely has a lot of those procedures put in place. They do have a lot of things put in place for pick tickets, and access to the computer and there are certain things that definitely we have put in place but not really anything. No one pushes back. I don't think anything is really unreasonable.

Yes, I have experienced a gap between what is asked of me to do and the wishes of external stakeholders, it mainly happens in closer relationships. So I will say that I think it happens a lot in distribution centres with our carriers. But we put contracts in place with our steam ship line so we don't ever have to really deal with that because when they suddenly wanna raise the prices we have our contract and say you can't do that to us. We might pay a higher price during the year but when you have the surges and declines, we stay average. I'm sure the carriers are probably the most for us, plus any of our suppliers of labels and things like that. I think the most difficult thing I have ever faced was when those things with the ports has changed. We have these price increases and of course we don't want to increase, pay more, but they have to charge more to sustain their business because of everything that had changed. They used to be able to get in and out of port in a couple of hours and now it can take them a day or at least four to six hours. So that's why you see all the truckers who aren't owner operated anymore.

Because they used to be paid on how many runs they made and now they cannot make enough runs to sustain their business, their truck, so they want to become employees again. It has come full circle. So that was a really difficult time and then our distribution moved. We moved five years ago, we used to be in Ontario and now we are here. So now only do they take longer to get out of the port but they have to drive an extra 45 minutes to get to our distribution centre. That was a difficult time, we struggled a lot with that. We dealt with that by just keeping talking. As I told you, we have been with the same carrier for so long. I try to get quotes occasionally once or twice a year because they call all the time to make sure they are still competitive and that we are not paying too much or too little. And so that is kind of what happened, they kept trying to raise the prices and we give in and the nit was now we really need to increase the price. We moved to Moreno valley there was all this waiting time and then and when I went out to check and found that yes, I can't do any better. It was really a difficult time, cause we didn't quite understand because they were high increases. You have to just work with them. You feel like they are trying to take advantage of you, cause you've been with them for so long, then there is this tension, but then... you have to go out and do these research just like you do. You definitely have to be able to discuss things. Communication is key, definitely in business.

1.3 Appendix 4: Summary interview 3 – VP Transportation Services

Buyers buy overseas, it is shipped into California (either Long Beach or Los Angeles harbor) and it depends upon which carrier the loaded on what point they'll unload it.

The director of logistics reports to me

Catch up to the number one competitor, but I am not sure we'll ever be able to catch up. We are just starting to get involved in apparel.

1.3.1 Supply chain (internal)

What I am responsible for is what I call the wholesale division, which is people like the famous footwear all those similar stores there is a long list of them. Then we have our own stores, and they are handled directly by us. Once they are build and ready to open, we the step in and follow they purchase orders that are issued by the department of retail which is our own shoes and or it is our apparel coming in also. So we connect with all the stores and we make the bill of ladings. That is what the carrier gets to ship it on his truck and they are invoiced by a different operation.

We may have 10 stores going into the NY area and they will make up a truck load. Sometimes we have the truckloads need less that the 10 stores to be full so we also started recently what they call flagship stores. We then deliver those at a certain time, if they want it delivered at 6oclock in the morning we set it up with the carriers. We have methods like I said we may have 5 or 10 stores on one truck, it goes to another company in the New England area and they deliver it to the stores themselves. The destination terminal is the carrier terminal. It is then loaded on delivery trucks. They all have scheduled times certain stores are delivered on Monday others on Tuesday... and then we double shift twice a week. We try to load it so that it can be distributed on the same truck and it saves us several hundreds of thousands of dollars.

The EDC we are shipping directly from China and the factories into the EDC. It wouldn't make sense to ship the shipment to the US and then back to the EDC.

1.3.2 Environmental/ sustainability

1.3.2.1 Processes

- Being green as is the equipment that we use. We try to use natural gaz and stay away from Diesel it is safer for the environment.

- From the operation side of the facility, we have natural light, ... for clean air and then solar panels

1.3.2.2 Actions

CSR requirements come from the city for every company that wants to open a facility.

We have no control over the carriers that the wholesale customers handle

1.3.3 Collaboration

We work with allocations, sales, shipping, compliance...

We try to collaborate, everybody tries here. When we have a problem, we have so far been able to work with each other. They want something, we want something else then we meet and collaborate on what we can do and can't do.

1.3.3.1 Means

There are procedures that determine daily operations.

From following vendor compliance making sure that we are shipping based on routing guides and customer's request

1.3.4 Decision-making

Bob and I, we oversee all the logistics for North America. Basically we are the tale wagging the dog. So Karla is in charge of the imports making sure that from the factory it gets into the US to the DC here in California. Once they arrive in California it becomes my responsibility to make sure that the goods are shipped out internationally, to our wholesale customers to North America (including Canada) as well as our retail stores and I think that in the US we have over 300 something stores

We have a track of team that consists of 13 employees divided between accounts; retail accounts and wholesale accounts (TJmax, Ross...)

The final decision in the logistic side on which carriers to use or which third party we are going to use in North America that would be Bob Lawson. A

And then when it comes to facilities that would be Bob and our VP global logistics. Anything with UPS or Fedex that are partial agreements or carrier agreements with rates, insurance policies from a carrier standpoint that is Bob Lawson.

1.3.4.1 Applicability/ pushback

The pushback that would come back to our department would be if we had carriers that were not making it to the stores at their delivery time we would get push back from the president of retail or the regional manager. They would say your carriers are not performing you guys need to talk to them or look at other carriers. And that is when Bob would get involved.

1.3.4.2 Issues

One of the biggest issues that we come across is based on time specific deliveries to our stores. If store got to have that product very early in the morning before the stores opens, one of our big thing is you comes across weather dealys things that are mother nature and which delay shipment. So it's working with our carriers on rescheduling and service of getting the product to the stores on scheduled delivery times.

1.4 Appendix 5: Summary interview 4 – Director International Retail and Franchise Operations

The ambition of the department is global continuity. What I strive for is always build domestically to be able to emulate that with a local flavor.

1.4.1 Sustainability

As I am responsible for international, certain countries have different legislations. Some allow materials to enter their countries and export only specific items. In this case Brazil has a very heavy tax not only bringing it in but also a tax passed along to the consumer. We don't want to do that to our customer nor do I want to pay it as a brand. So common practice, our globalization is what are the retail venues for shopping bags and most retailers down there use paper. So our eco bags which we use in the US and Europe are not applicable in Brazil.

There is a common practice in the US that pushes into sustainability just as Europe.

In the department, they know I don't like paper. I think that what you see with younger management we are not very paper heavy, we are more tech-driven. And we understand the functionality; we are just as effective than taken notes. There is a natural evolution, simpler, easier, faster.

1.4.1.1 Actions

Much of this is **brand-driven**, not retail not wholesale but more corporate branding. There are so **many programs and initiatives**. The company itself supports community growth. We moved to the new building that was one of the most eco friendly buildings that Manhattan Beach had. On a company level it is very easy to lose focus onto your social responsibilities. The one thing you can see here is that we reduced the printers down to a handful making it a little less convenient for people to print so people are more prone to not print. Less color printed, less electrical usage this whole building right now has a timer to shut off everything. Little things you know...

On international level, a prime example is this **shopping bag**. A shopping bag can be obviously first and foremost a branding statement but what is cost viable? The viability of an eco bag is more than 3 or 4 times the price of a paper bag would be. Here in the US a paper bag is pretty standard so a company that gives you a premium eco bag, the experience in-store is perceived higher as something of quality. Culturally, in Brazil that

is not appropriate they simply are looking at local resources and are wanting to keep that on a local manner. So therefore we want to identify when we want to balance. Do I like paper? Not preferably but if I can make it of quality that people can reuse then there could be some sustainability to it.

How we wanna affect the local community? It is not the reach out, it is not the **good endeavors** that we do because there is multiple of those. I think you are looking for something a little more tangible like the **Bobs program**. It is both a gesture of goodwill for the community and the world.

I will give you a **prime example**. In Ireland, it is a franchise market. We give a campaign to benefit children with special needs. So there is a third party business that joins with the parent company us in order to support a good endeavor. This goes without saying that they affect the communities. One of the big things that I have always appreciated about Skechers it is not just about Manhattan Beach, that all the territories internationally, the local support teams, the country teams, the marketing country managers, the sales reps all look opportunities to participate in local events.

Image yes, exposure, it always helps to get our name out but when you are doing a track event at a high school and a fit and finish wear test you are influencing, exposing someone that might have never been a target consumer to footwear as they are running for free in your shoes. Events try and buy in malls it is always about the opportunity of making a sale but it is about branding yourself. If you rely exclusively on customers walking in your door and you are not going out to find them you are setting yourself up to not be able to succeed.

1.4.2 Collaboration

There is 27 countries I oversee so I wanna make sure there are inline to the right progress, the right growth. KPI management immediately starts looking through.

And two is the team, in here there is 6 and out there all through the world there is 6. So in total 12 people.

Being operations we are responsible for everything from store design and construction real estate. These are actually 3 separate departments that oversee the development of a site to the progress of construction all the way to completion and to an opening Lease negotiations there is a lot of legal involvement.

We work very closely with marketing, there are several divisions. We have wholesale for each respective country as an example Japan has a marketing manager for the country. As a brand in each individual country we have a country manager and we have marketing managers and those work with our retail marketing team in order to facilitate our different business reach. We also have our in-house international marketing team that works in tandem with their marketing team to have the best of both assets they know the market and the opportunities we know what makes impact for the consumers so it is a win-win.

1.4.2.1 Means

Things like instant **messaging, skype, facetime** people around the world instead of an email. One thing in international business emails get very confusing, it is not the primary language so it is very idealistic to say well English everybody should understand but when you have a conversation with someone you can work through a lot of the complications at least in my experience. It is much easier to point out what you didn't understand and to clarify.

Other mechanisms there is **continuity factors**, you wanna be consistent. We do a lot of conference calls within our divisions: you wanna keep structure on the teams so that they know that they are being attended to and that they are also part of the bigger picture.

There are a lot of updates we have **electronic means** of which FTP servers. File transfer protocols it is basically a really big server with a bunch of data on it, we are doing self-service type environment. Let's say you want to understand what the newest visual directive was. Instead of you emailing me, you would go on that site and the site would have the most current version. *You seek information instead of it being said.*

In international, many times the questions are consistent and everyone is kind of on the same request cycle and to alleviate those numerous emails if you feed everything into that site and they find everything their own source of data.

1.4.2.2 Stakeholders

We are a division of the brand so much of our work is done in-house. On a domestic end we would work with some of the trucking companies that would help facilitate it from the DC in Ontario at that time.

We are an **in-house resource** there is not much in the supply chain that we would reach externally for.

1.4.2.3 Standards/processes

In many of those times I am the one who wrote the book on them.

The **SOP standard operation procedures** is critical otherwise you have everyone doing their own thing. That is how we have a thousand store chain. There is always deviances times that you need to modify and adjust. As a whole I think we have done a really good job as a collaborative across all functional groups to put together a good system.

1.4.3 Decision-making

Well I report to our Vice-president of Global operations but it is discretionary on where I need or do not need approval. There are some things in life that you can learn just to navigate yourself. Experience comes with that territory.

There are other things I am completely uncomfortable with such as substantial financial investments, global operations programs. These are things you want more engagement, guidance in, making sure you are marching the right way and not going on the opposite side of the company.

1.4.3.1 Applicability

With international so much is being conservative of implementation. I know when to step up on gaz and I know when to take it off that comes with experience.

Accountability falls squarely on my shoulders and I am fully aware of that. So it is part of what keeps you up at night, making sure that you are providing the best level of service to partners around the world.

Do I agree with decisions that are being made? It is based on circumstances, so many of the programs that we can implement on a global scale take such extended periods of time that it gives us a lot more opportunity to work through any challenges or complications versus in an international market. So it executes very easy versus a domestic market that might be a little quicker to test and they have to go through the growing pains of learn, reevaluate, reassess, reapply, retest. So by the time I get it it's pretty good! I take the program and I look and the pieces, the direction and make mold it

make it applicable to different territories. And it is a little bit easier to digest, people appreciate it versus us testing globally. It is very insane to think you can test globally.

1.4.3.2 Stakeholders

There are external stakeholders such as franchises or joint ventures. There are absolutely gaps, these are third party businesses that are brought into our brand. We have narrowed these gaps over the years

1.4.3.3 Issues

We opened a franchise division and we had to navigate through the landscape of what the supporting of a franchise is. I pulled myself away from the entire domestic operations and invested myself exclusively to this to get it up and running. Which I am excited and still proud of that we have a viable franchise model that most companies cannot emulate. We are very complex as a brand, it's one of the beauties of our brand.

In the franchise model the franchisee just do the financial contribution they do the staffing and that is it. Everything else is handled for them. We don't do that **we look for engagement, for partners**. And we do that intentionally, we want their participation, their buy in, we want to see them helping make decisions moving through the motions and making it very localized to their business not just here is a store in a box.

Tragically some franchise brands that did that lost a sizeable amount of their income or investments. This is the difference with our brand, This is a family brand not just from the tag line. You would never want to treat your family with disrespect. *I look at franchises as part of my family*. Same thing with retail stores, same thing with my colleagues here and out in the world they are all part of my family. You want to do right by them.

Everyday we face issues in international, it is everyday maintaining clear lines of communications. There is nothing in international that exceeds that in my opinion.

1.5 Appendix 6: Summary interview 5 – Director Retail Marketing

1.5.1 Presentation

Skechers is a huge global footwear brand and I think it's more than just a footwear brand, lifestyle brand and it's becoming more of a lifestyle brand as we're getting not just into footwear, but also apparel and accessories and other things as well. We are the number two footwear brand and that's pretty amazing, after Nike we have come a long way. When I started here we were four or five and most of that is because we cater to the whole family and not just performance. But here we are also number two in performance which is amazing. I've been here four years, I started as a retail-marketing manager and I was responsible for our warehouse stores at the time they were called warehouse stores (now called big box outlet stores) I worked there for almost three years and then I was promoted to director so now I oversee all those store types. I oversee what everybody else does.

1.5.2 Department & Tasks

So our department has big responsibilities, as marketing department for retail we are responsible for all the promotions that are going on in our stores, maintaining marketing calendars and looking at sales and determining what makes sense based on the last years and current business, to what we need to be doing to sell products and continue to gain comps so it's that, it's signage, and then it is also new stores and grand opening, event and advertising for new stores. Any type of advertising for existing stores as well. We do a lot with radio, my responsibility is just keeping everybody on track and I work on some larger projects and strategic vision as well so I'm consultant for our department when we have special campaigns coming up. Like we are doing something with MTV for the Music Awards, and all our events with pier to pier, I play a big role in that as well. The ultimate mission, for us it's not so much promoting the brand. Marketing in general is thought of as promoting the brand and in a way our visual team does more of that. But the way marketing in retail is set up is ours is really more focused on driving sales and so I think it's the challenge and my mission right now, how to balance that with the brand so we are driving sales but maintaining the brand integrity and so we are working towards minimizing promotions in our stores and being able to sell product at full price with more of a value-driven message than just being on bogo

and promotional all the time. And we just had to make our store look pretty by constantly improving our signage and how that looks in our stores.

1.5.3 Sustainability and CSR actions

No there is no specific sustainability that we have set as a policy, I'll say one of the things that I tried to do up here is I try to encourage that we print double-sided on our printing whenever we do that and I personally go round and I shut down everybody's lights when I leave here at night, so it's a little thing that I tried to do but overall and recycling bins for everything but other than that we don't have any real policy. As far as CSR practices the friendship walk is the big one that we take part in here locally and our retail department has raised a whole of 116000\$ for that. Which is over a tenth of the total that our company raised with all the big sponsors that we get. To get the money we work with a lot of different vendors in retail department and so the give-aways that we purchase, operations orders the bags in our stores, so we go to those vendors and say we want some sponsorship for big event and get donations for that. That's the biggest part of it, we also participate locally like our team has the biggest, our department has actually the biggest team that participates to the register for the event which comes with a small donation, they also raised small amount with their friends or family. So that's part of it, we also do some other things for example right now we are working on an event out in the north east with sunrise camps and they are camps for children with cancer and their siblings, summer camps. We are doing a registration round up donation at all the stores in north east it's just 78 stores and last year we raised over 100000€ for them as well. October is breast cancer month so we do breast cancer register round up all over our stores the entire month. And then our BOBS is a really big and global social responsibility campaign that we do when we donate the shoe, it was we sent a pair of shoes to the child in need, but now we are kind of changing that and that's one of the things I'm now involved too, we are going to be partnered with an organisation that is a no kill animal shelters and it will be BOBS for dogs and so donation will be made when you purchase bob shoes to that organisation. What we gain as a company from this is I think awareness and respect, everything that our consumers value. It shows that we are a real family brand and so I think it just helps establish us. Specifically with the BOBS it's more direct one on one where they see that that their actual dollars are going directly to that. Everyone is more on a community basis and that helps tie our stores locally in the

community back to their local, especially in Manhattan beach where this is our backyard is where we do a ton of our charity work.

1.5.4 Collaboration

I work with a lot of different departments, we work a lot with the graphics team and they produce all the graphics for our signage and advertising. We work with merchandising because they are really the ones driving the promotion and when we need to run a promotion on a particular product depending on their sales or when we are looking to do markdowns. And then we work with operations, a lot of that is communication with the field and then execution of our marketing plans. When we run a promotion we put together memos to communicate to the field. What we are doing and how it is supposed to be executed. So they are responsible for making sure that communication gets out to the stores. Marketing has a really good relationship with all of them. There is issues that we run into and differences in opinion. I think the biggest one is probably with our graphics team cause they are very separate, they are in a very different division from us, and we are all part of the retail department, because they service all the other parts of the company as well and I don't know if they understand retail and the needs of our department as well. So that makes it challenging working with them. To facilitate collaboration there is meetings that we have scheduled, it depends on what the project is and/or if it is an ongoing thing, whether we have meetings regularly. The managing team meets up every Monday so that gives a good idea on what's going on and in all of our departments, so everybody is kind of looped in. From there it's just on individual basis if we need to set up things on a regular basis. It is not necessarily collaborative, but there are a ton of procedures for how things have to work and flow of work, so for graphics we have to submit graphic work order and that gives essentially an idea of what our we need, exact specs on what we need and then they write cops to us and estimates something like that, then we get back and its a back and forth approval process. But it's not completely collaborative, we don't have regular meetings, we're not really getting to see and be involved in the process on their end. It's just we get pieces back of forth once there are stages approved

1.5.5 Supply chain (external)

For this department Skechers external stakeholders are vendors, definitely somebody that we work a lot with. There is the ones that create physical things for us like our give-

aways and signs, but then also advertising, media partners, we work with radio stations and newspapers and direct mails companies and things like that externally. We work with the field a lot, that's still internal but outside we work with them, support all those stores. We have to be communicative with them. The kind of relationship we maintain with the, depends on who each stakeholder is, but I think for the most part we have really good relationships with our vendors, I think we can be tough to work with because we change our minds so frequently, and of course we are trying to negotiate the best rates so we are pretty tough on that as well, so with outside vendors that can be an issue. This department has specifically a great relationship with the field, we are really responsive to their needs, so I think they really appreciate a lot, that we do a lot for them. But there are no specific processes for vendors. There is supposed to be specific processes for communication with the field and if they have opportunities like a marketing opportunity that they want to do they are supposed to fill in a form and submit it to us like a month in advance, and then we review it. That's pretty much never happens. And then the stores are supposed to go through the retail hotline, which goes through operations and then they file it to us. But stores and District managers come directly to us constantly. I sometimes think it slows down the process to have so many steps to it, to have to filter back through people for follow up, but at the same time it's very distracting to have to support those people directly and all the one offer-requests that we get.

1.5.6 Decision-making

Anything within this department, I make the final decisions unless it's something that I need to get approval for and there are a lot of things that I need to have approved by either Marc and Sonia and George. So Marc Rooney is the VP of operations and Sonia is the director of merchandising and planning and allocation and George is the president of retail. We constantly get push back and I often don't agree with their decisions. There is a lot of things that are frustrating because we in this department, we have a lot of experience collectively in marketing. We feel we understand our consumer so we come up with plans for what we think makes the most sense in terms of our promotions, or advertisements or things like that. When we present them to upper-management, they don't agree with them, they come up with their own plan and we are just told to execute it and then a lot of times even when we go to execute it they change their mind again or it doesn't work and we immediately go back to what we'd proposed in the first place. So

it's a lot of waste of time, or they won't remember that they made a certain decision, and then they ask why did we do that because it doesn't work that well. And we're like you are the one that told us. You end up doing it all again anyway. Things that are just a matter of taste where it could be what a sign looks like and everybody in our department and other departments could agree that they like it, and if the president decides he doesn't like it, it doesn't matter he is the one that makes that decision and it's not a democracy here. There is no solution to that, It's just the way it is. And if something doesn't work, I am the one held accountable. If you would consider the field a stakeholder, a lot of times what we are asked to do by the management, I really don't think they make sense, we have to communicate as if they came from us and the field also think it doesn't make sense so it makes us look bad. So upper management tells you to do something and the field wants something different and even if I agree with the field it doesn't matter, the decision still comes from the top-down. There is no room for initiative, I have on several occasion brought back to the upper-management that the field doesn't think this is the right thing to do, it's not working, it doesn't generally make a difference. We just implement what is decided, until it doesn't work and then you start all over again

1.6 Appendix 7: Summary interview 6 – Customs Compliance Manager

Deals with the importation of the goods into the country from countries around the world. It is a very challenging work and I really enjoy it.

1.6.1 Collaboration

We have to work with Purchasing, Allocations, IT also the DC both here and in Europe and Production as far as classifying products. It is all part of one process, determining what we need for the product and then making the purchases. And what is important for us is pricing making sure that the price we are going to buy the product for is what we declare to US customs and pay duty on.

Relationship is pretty good and open. We need the information to appease customs. Basically, customs can come in and audit any aspect of our import procedures pretty much any time they want. Communications is greatly sought. Audits are very unusual though, for one aspect of one program we were audited long before I got here back in the 90ties

It is a good atmosphere, I go out and let people know what I need to do my job so they understand the process too so there is really no problem.

1.6.1.1 Means

Mostly it is through email and I do have some meetings. Our membership in CTpad was pretty much mandated by the COO so upper management. So everybody knows it has to be done so that is a good motivation for people to work with me. It hasn't been a problem.

1.6.1.2 Stakeholders

With the supply chain we work with companies, usually we have long established relationships with our factories, carriers, suppliers and freight forwarders so basically we are the customers so when we explain what we need there is no problem getting that information either. It is all part of us getting the product and satisfying the customs that we are maintaining the level of security that is required. So communication has been good.

The main stakeholders, for what I do, it would be the factories, the carriers that deliver the products to the ports, the actual carriers, the freight forwarders, the customs

brokers when they get here, the trucks to take it from the port here to the warehouse. Our warehouse and the processes they have in place. It is kind of complicated because we get products in from mostly Asia, China and Vietnam but we also get it from India and occasionally other places like Brazil maybe or like Europe.

1.6.1.3 Standards/processes

For China and Vietnam, they are kind of high tech... I mean they pretty much know about one of the programs that I oversee which is "CTpack" which is basically our membership with US customs to provide a safe supply chain. They are aware that that program exists so it's easier to work with them. Other countries like India, they may be a little bit less knowledgeable about it but I haven't had any troubles getting the information I need.

CTpatk is a program that customs came up with after 9/11. They wanted to get the trade involved as a stakeholder and putting processes into place to protect each individual company supply chain. And that is basically to prevent weapons of mass destruction to be delivered into the supply chain because it was pretty lax before 9/11. Customs came up with a series of minimally required security requirements that not only we have to have but also the carriers and the factories. So one aspect of my job is to evaluate not only Skechers meeting those requirements but also all our supply chain partners meeting those requirements.

So the next phase of the project is going out to all our suppliers which there is a couple hundred suppliers and that's with a questionnaire. We are doing that electronically now, we just started that last year. This is about 90 some questions that we ask in regards to security; do you have fencing, cameras, and all these processes in place? If they answer no to these that we work with them to try to get them put into place so that we know that our partners are as secure as can be. Many of the other companies that we deal with such as the carriers are certified by CTpas anyhow. If they are certified all the vetting has already been done by customs and I don't have to be concerned by (vetting means they have been checked out, they've been auditing by customs and their processes have been deemed, they meet the requirements).

For **manufacturers**, which are basically everyone that we buy from **are not eligible for the program**. I guess because customs doesn't have the means to vet them and it doesn't really have the control because they are in a different country. At least the

carriers that are coming into the US they can see what their processes are but they just haven't extended that.

1.6.2 Decision-making

There is a strong hierarchy. Obviously, we have the three people on top: the COO, CEO and CFO, basically Robert & Michael Greenberg and who run the company and are the ones who started it. Then the CFO and COO is the same person David Wijnberg.

Then it goes to senior president for certain areas and then down to vice presidents. Our section right here is called international, we do exporting/importing and then we have compliance. That is doing customs compliance not only for the US but for all the countries that we import into. There is 11 or 12 of us in compliance.

I have a director and then we also have the Vice President which has the final say. Unless it is very critical then we go upstairs to the COO.

We don't get many decisions in what we do. We get projects that we have to work on and maybe goals they want us to attain.

1.6.2.1 Standards/processes

Our goal here is to comply with the law. Obviously, we have policy for Skechers but it really doesn't have anything to do with bringing the goods in.

1.6.2.2 Gaps

Besides the CTpad there are a couple programs the customs offers everybody for the return of duty. Sometimes we have to out to get information from our external factories and what we have to present the information in a certain way so that we can take advantage of these savings.

For instance, one of the programs we have here is we bring goods into the US we pay duty on them but if we ship these goods without doing anything to them back out of the US we get 99% of that duty back. There is also a program called for sales, which is a program where if a factory in China sells to an agent and then ships it to us, there is obviously a markup between that factory then Asia and then to us. But for duty purposes, for what we pay duty on we can take the price from the very first one. So that way we need the cooperation of the Asian and that factory to be able to report the prices that are verifiable so we can save quite a bit of money in duties by that. So that took

work with working with the factories, getting them to understand, we also have to work with a law firm that goes out and vets the factories. There is some work on some projects.

1.6.2.3 Issues with stakeholders

Every 3 or 4 years customs will audit us, they will pick one of our suppliers and maybe come to one of our facilities domestically and review them. In 2013 I went to Vietnam and met US customs there and a lot of our stakeholders, carriers and representatives from the brokers and we met at the factory. So we reviewed the factory prior to customs getting there and we worked to get up the standards to what was needed to meet the minimum security requirements.

That is one case where we physically did it at a location but the other ones we will go to our suppliers based on what their answers are. We will work with them to have corrections made or fences put in or security processes modified to meet the customs requirements.

We would do that from a distance and we also have other means, we have a China office there is someone I work with closely over there. He is basically a CR auditor so corporate responsibility, their area of expertise is more child labor, work place safety... Most of China factories have people that live at the factories so making sure that the facilities are safe there, wages but I kinda got him to help us as far as the CTpad. He is going to start auditing factories for my requirements which is the security, the fencing, making sure that the containers are being loaded in safe locations... We are going to pick factories randomly all based on the responses.

When we run into difficult situations, I basically report it to my boss who reports it to the VP. We have had problems when we **weren't reporting something correctly to customs**; we had to report that to my boss and figure out where we were going to get all the information. So we found it and reported that it was not right but then it took a lot of work to correct it, lot of hours and work. Then we went to customs and said this is what we have done and this how we are going to fix it.

They were understanding, this is kind of our role to is to audit our own process and to correct mistakes, it doesn't come across as being a happy moment because usually it involves giving money back but it has to be done.

Law, importing is not a right but a privilege. If you look at it, customs could revoke a company's right to import in the US. It is probably never going to happen but if you look at it that we, you know how much power they have. You try to keep all your processes aboard and smooth and you just work with customs.

1.7 Appendix 8: Summary interview 7 - CSR Compliance Audit Manager

Skechers is a very open company not just because it is a fast growing company but I think for us employees I feel the power of life of Skechers through the teamwork and so on. I learned a lot thanks to Skechers.

In China, we have a team responsible for **CSR compliance** of the factories and suppliers in the Asian area. Our mission is going to the factories to audit the factories to see if they can meet our basic requirements on the CSR compliance.

The CSR compliance rules and practices are from Skechers. We have a code of conduct.

There is an environmental/sustainable policy for the department. CSR compliance covers the environmental protection and energy saving

1.7.1 Collaboration

Usually we cooperate the most with our audit department and QA department (quality control). For our team we have to work with all the departments, the audit have to give us information which factories are ethic, which factories are new. Any new suppliers need to get approved by the audit and QA.

1.7.1.1 Processes

The code of conduct says what the factory should and should not do to comply. It covers labor requirements (no child labor or forced labor and protection of young workers and reasonable working hours and wage) also safety including fire safety and protection safety. It also included the environment, the working environment and the protection of the environment. The issue of the environmental issue currently has just started moving. What we focus on the most is requiring the factories to care about their emissions; the air, the noise and water and solid waste. We also require them to carry out how to save energy, we push them to change the light to energy saving lights. And energy saving equipment for machines is another good way to save energy. The point is if the factories are not doing good we will not approve them and for the ongoing companies maybe even stop our business with them.

Skechers does this mostly for ethical reasons. In one way it is actually a kind of protection of our business. We don't want to do business with suppliers with no ethical thinking. That is a win for Skechers and also for the suppliers and the workers. In the beginning, some of the managers of the factories they just do it because they are forced

to do it but actually after a serious cooperation they realize our requirement is reasonable and helps them to keep the workers. Especially because the workers now in China are unstable, they have difficulties to recruit or keep the workers. Our team and this kind of job in general actually goes to the factories and help them to improve their working conditions. Our team we focus on sharing good experiences with them because when we audit the other factories we get some good experience for the equipment or for the waste management. So they believe it is a good thing. Other companies also have these kind of requirements

1.7.1.2 Means

We have meetings in our Asian office, our VP in the China frequently organizes manager meetings. We have to meeting to discuss that is how we collaborate with the QA team.

We have a QA person in each factory, so he will help us also monitor the factories. But it is for some simple issues they can judge because they are not always very well trained. If they see some issues they will give us feedback and at the management meetings it can be discussed if it is important issues and smooth our cooperation and communication.

1.7.1.3 Stakeholders

We work with some consultant companies because they have good experience on how to train the factories and then help the factories set up sustainable factories. They also help us to conduct third party audits for some small parts. For Skechers, we are planning to expand our team.

1.7.2 Decision-making

Final decision for the department + ask for approval: Paul Curtis he is the VP of Far East operations.

1.7.2.1 Applicability

Sometimes the final decision is not easy to apply. If the factory is good that it is easy but some decision when the factory is not satisfactory and they perform not well we will fail them in their audit. Stopping the business with a factory, this type of decision is a bit difficult and I have to report to Paul and then we make a final decision.

Our requirements are gonna be more detailed and even more stronger towards our suppliers because now our plan is growing and we need our suppliers to grow too. Not

only will we require the factories to meet our basic requirements but in the future we will have more concern for the environmental protection if they are not doing well then we will push them harder.

1.7.2.2 *Issues*

We require the factories to reduce the working hours, for some factories it is difficult for them to control this. We will check with them what the reason is, workers condition or bad management? That is how we need consultant companies to improve their management.

It is difficult to say because we have so many companies, I cannot make sure issues won't come out to light like Nike. That is the reason why we will have new teammate and we will make our requirements even stricter. All we can do is work harder. And make the factories understand that this the condition to do business with Skechers?

Doing this job is not easy. Sometimes it is under control because the management in shoe factories they need a sustainability team in every factory, actually almost each factory has a team to solve these types of issue and workout the daily inspections in their internal management and audits.

1.8 Appendix 9: Summary interview 8 – Supply Chain Compliance & Logistic Manager at DSW Footwear Retail

His company sells Skechers shoes (one of Skechers stakeholder – DSW footwear retail)

We have our own chain of about 300 stores. Skechers was one of the companies that we bought footwear from. Setting up our logistics systems they moved products from distribution centers in LA for Skechers and then into our distribution centers in California and Ohio and then to all the chains.

The ultimate mission of the department is to forward products to our stores to meet customer demands. All we focused on was increasing or improving velocity of merchandize that moved through our network both on the supplier side and the retail side into our customer's stores and our customer market

1.8.1 Sustainability

There was no sustainability policy for his department.

Theory he used: When you are looking at that from the triple bottom line concept, I worked off the framework from Rogers and Carter 2008 for logistics and supply chain where they took the 1985 definition and applied that to their own concept as it related to supply chain. So they came up with as a concept on SSCM and on SCM they started discussing the 3 spheres of the triple bottom line of what constitutes a sustainable business practice. The real thought of my work centered on Carter and Rogers work in SSCM, so what I was looking at is understanding a SSC and I mean a company or operation that impacts or intersects within all three of those. And when I find that space that's when I know I have a true sustainable supply chain

I went back to DSW and they were more on CSR that is really what we were driven on.

We looked at the environment and the social side of things. Fair pay, equal employment, opportunity, give back to the community and we did the same thing on the footwear industry side as well.

Then we did the environment: it really became big from 2007 to 2009. Particularly with all the government initiatives here in the US providing tax breaks for energy saving initiatives so we really took advantage of that. From a sustainability standpoint particularly when you look at the economic sphere we weren't doing much in that.

Opinion on DSW sustainability: we weren't looking to see how much money that we were investing back in the community both in our communities that we are operating in, our resaling community or our supplier community or our suppliers employees community to improve that overall quality of life and that is truly what Carter and Rogers were using from an economic definition in their triple bottom line concept.

1.8.2 Collaboration

The areas that I have to collaborate with to be able to function, our suppliers; logistics operation, information technology operation, customer service organization, credit organization, transportation organization.

On our side, I had to work within our own logistics organization, finance operation, merchandising operation, contracts and invoicing, IT, our transportation partners if we had service providers and we had third party services that were part of our organization.

à Those were the people we had to collaborate with to set those programs up. We had to make sure that everybody was aligning on what was the product that we were gonna be moving, how much of that products we were gonna be moving, where it was coming from. In many times, it would depend on where the products would be produced because that would set up a lot of different processes and operations and a lot of different systems needs.

Once we decided that, we had to decide in which stores and which region of the country it would be sold in. once again, that would have an impact on the logistics operations. How fast, how much and where it was going?

After we had that understood, we really just look at how we are going to accomplish this what are the processes that we need to develop and that is really where we start collaborating with the suppliers and with our company to make sure that we are aligned and able to marriage that process effectively so that the outcome is best for both companies.

1.8.2.1 Processes

Creating an authorized vendor/buyer where the vendor had to be vetted by the company to make sure that they had the capacity to produce to product in the quantity and configurations they needed and they also had the financial backing to stay in

business with DSW. In the flip side DSW had the same responsibility, we had to prove to the vendor that we were a credit-worthy customer, we had the payment history that was in place, the understanding in the operations to effectively take ownership of those goods and move effectively into our retail chain.

We also ensure and set up processes to protect the brand of that vendor's product as we moved it through that pipeline and into our retail stores. And that was a big consideration because we were doing private label for most, we were doing predominantly all branded merchandise. And your brand and protection of that image is very important.

So DSW had to make sure that they were taking appropriate actions and procedures in creating footwear policies to make sure we maintain the same brand image if not higher for that supplier whose product is being sold through us. So those are already preset.

You got all the predefined IT capabilities on both sides that have to be there. You have the buildings, you have the assets, the equipment, the personnel...

1.8.2.2 Representation

Most of the suppliers we wanted to represent their brand in our stores. Our customers were telling us that they like those brands, that is the brand they wanted. We had to go out and sell the value of having the brand in the DSW store. The brands that we pursued were the brands that we wanted in our stores.

1.8.2.3 Stakeholders

It was a very open, collaborative relationship, we wanted to mutually work with the vendor or supplier to ensure that there was a positive relationship with the company. We wanted to work together with the suppliers and to make sure that we smooth the issue out. And if it wasn't something that was a repeated offense on either sides, we wanted to make sure that we work with them and not take contractual actions immediately at the moment that it occurs. We had a very much collaborative relationship with our vendors.

1.8.2.4 Communication

Communication was critical, 80% of our success was in the way we communicated with our vendors. We had different levels of communication that were going on

- Me and Skechers would talk in a regular basis depending on what operation we were working on.
- At the buying level, it was mostly done on a monthly basis.
- At executive level, it was specifically done at a quarterly basis

1.8.2.5 Skechers standards

We used EDI electronic data interchange we follow the VICX voluntary intercity commerce standards. We would use the universal code format UPCA mandated by GS1 a global organization

1.8.3 Decision-making

Whatever decision was my responsibility

1.8.3.1 Applicability

Sometimes they weren't easily applicable, sometimes they were. It would depend on how much merchandise was going to be, what that merchandise was going to be, what kind of plans we have for the stores they were going into.

What would happen a lot of times is that we would do a program on the DSW side and the decision was made that certain stores would get so much of that product. When we would distribute, the stores would come back to ask can we increase the amount of units that we are shipping. But they would have to look through our inventory management planning team to raise the threshold before we could push that kind of products out. So this was a situation I couldn't do anything about, difficult situation to be in.

1.8.3.2 Issues

No gap between them and Skechers. We have a great relationship with Skechers.

From Skechers point of view there weren't that many issues that we had. Let's say we had issues with the shipping label, maybe the barcodes weren't reading correctly even then we would refund that charge back. I can't think of anything were we had issues that we couldn't resolve.

Contradictory demand was more internally with DSW between the channels. We bought up an e commerce channel in late 2006, when we looked at the demand that we had for our retail chain for the Skechers products versus the demand that we had online from an ecommerce standpoint, there were many times that we would have to way the issue of

having a 99% availability of products in one or the other channels. That created problems internally not for process but management and finance. We were also creating a sell through issue

Problem: We would have a demand planned for the stores (retail chains) of the Skechers products and we would be ready to execute it and move that out to the stores. And at the same time we had a separate team that would do the planning for ecommerce channel when those two came into conflict and we didn't have enough merchandize to satisfy internet channel, what would happen is that they would reach into our inventory for the retail channels and move that merchandize onto the ecommerce side.

Solution: We solved that by putting manual reconciliation process in place working with the inventory merchandize team, planning teams and the allocation teams we were able to determine what was the rate and what type of transaction would basically occur and help us flag those types of situations as being an interwaretransfer. We basically just look at it and coded it with a numeric reason code and then we adjusted accordingly.