

2050

V I S I O N

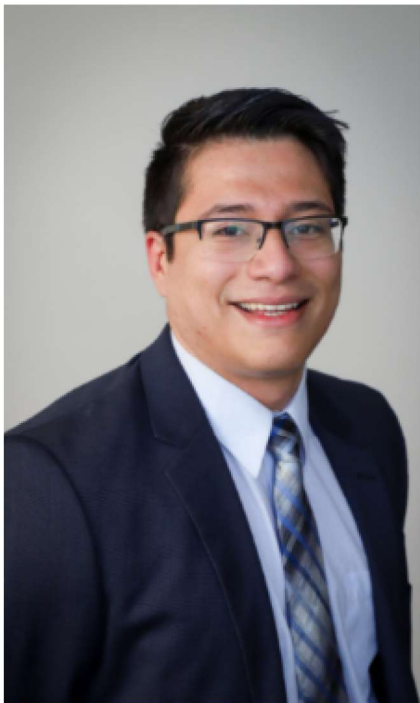
W H E R E

F A S H I O N I S

G O I N G



CONTRIBUTORS



Roberto Sibrian

Roberto Sibrian found his calling for Risk Management & Insurance after a career-ending knee injury he sustained while wrestling in High School. After discovering he didn't have insurance to cover his medical expenses, he became motivated to learn about the indemnification process so he could pass on his life experiences to families in similar economic situations. His goal is to guide individuals, families, and businesses to financial independence through insurance, risk prevention strategies, as well as risk mitigation techniques.



Carlie Smith

Carlie's passion for economics started after reading the book *Freakonomics* her senior year of high school. Throughout undergrad, she has spent her time doing behavioral and macroeconomic research and has participated in the annual "Fed" Challenge, a collegiate competition in which teams of students create their own economic policy. Since then she has been passionate about understanding the true impacts of economic events on businesses and most importantly households.



Karst Bouma

Karst first developed an interest in accounting after assisting with finances for a company he worked with in high school. In his undergrad, he has been able to develop his skills inside and outside of the classroom by becoming treasurer and president of different organizations on Appalachian's campus as well as interning at Wetekam Monofilaments in Germany. After completing his undergrad, he hopes to return to Germany and achieve a masters degree in accounting and assist companies by reducing costs by finding more sustainable processes.

RISK IS FORWARD MOVING

Looking at the fashion industry over the past thirty years, and attempting to forecast the next thirty is similar to asking a magic eight ball or reading daily horoscopes, putting full faith in something that no one can truly predict. The textile and fashion industry has been one of immense change, for which global analysts have been unable to pin down. Thirty years ago, the entire world economy came to a screeching halt under the historic pandemic. Markets were stagnant, and fashion was on the sidelines being replaced by fast “fashion” sold primarily online. The fashion industry since then, has made efforts for cyclical changes in sustainability and worker rights but still has left many things behind.

We’ve come a long way to where we are now, and the one thing that has remained constant in every industry is the tri-level risk within the economy, supply chain, and internal accounts. Projecting into the future is always hard for analysts, things change in a matter of seconds, but what is a constant undeniable factor is risk. Throughout this spread, our industry analysts will individually give their projection of what risk will look like in the fashion industry and the globe. It goes without saying that all of us studied the markets during the COVID-19 pandemic and have watched this industry shift and change faster than we could blink. As experts now, we have all followed the market and have our own thoughts on what risk will look like in the year 2050 and way beyond.

ECONOMIC SHIFT

Carlie Smith, Economics

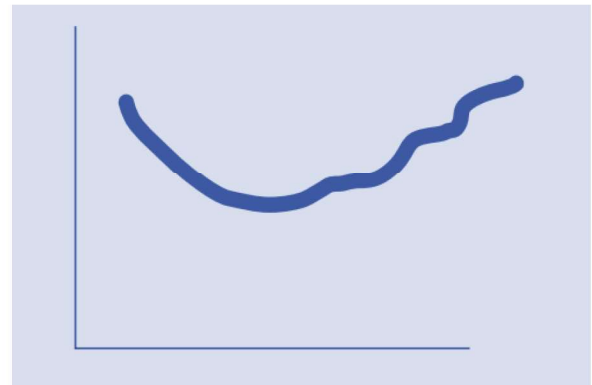
Years post COVID-19 amounted to cyclical change in all forces of the global economy. In many ways, the pandemic made us rethink the vehicles for which we measure growth and success in the economy. Along with this, it made businesses look clearly into the potential economic risk that can arise in every industry and within a moment you must be able to handle the worst.

The strain on the fashion industry was like many economic shifts, consumer driven. Consumer's willingness to spend on apparel dropped by fifty percent globally and over seventy percent in the United States and Europe. This massive decline in discretionary spending was not only a direct result of months of social distancing and business lock down but the recessionary economy that followed. Fast moving fashion retailers were forced to find new and innovative ways to reach consumers. As fits with macroeconomic theory, luxury retailers were hit hardest, making them restructure their "travel retail" business model to one more accessible to consumers.

The pandemic sent companies into recovery mode, with little time to assess new emerging markets that were once sought after. Companies were staid entering unfamiliar markets that would require stiff up-front investments. Countries such as India and Indonesia which was predicted to have extreme

-growth in the year 2020, were among the hardest countries hit. However, as long-term GDP has stabilized, the fashion industry has begun leveraging the labor forces of these countries. Today, the once emerging markets have now become a central line in textile production. Overall, the past thirty years has shown the impact of a severe demand shock on the world economy. For fashion retailers, this could have been the end of an industry. However for brands that used their recovery period for innovation and new market planning, the resiliency that they've built can now last through any economic time period.

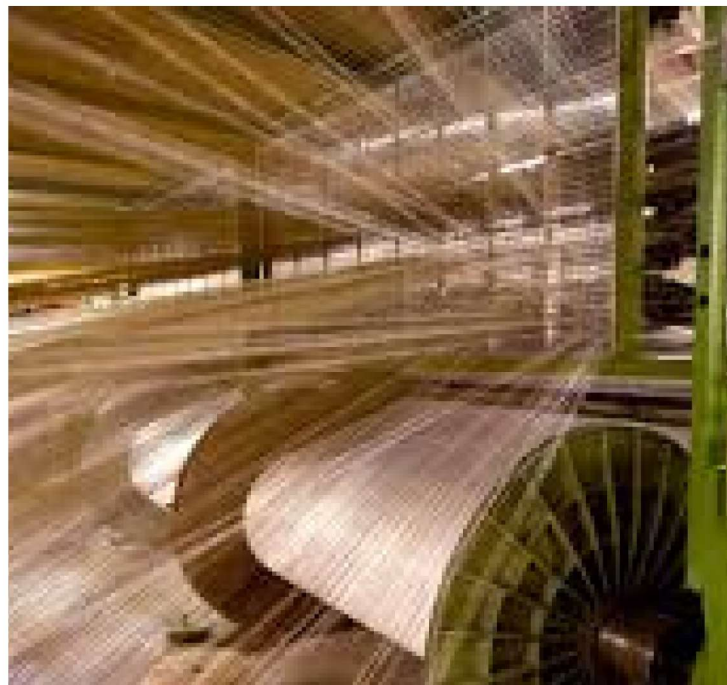
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**Long-Term GDP Growth
McKinsey & Company**



MANAGING SUPPLY CHAIN RISK & DISRUPTION



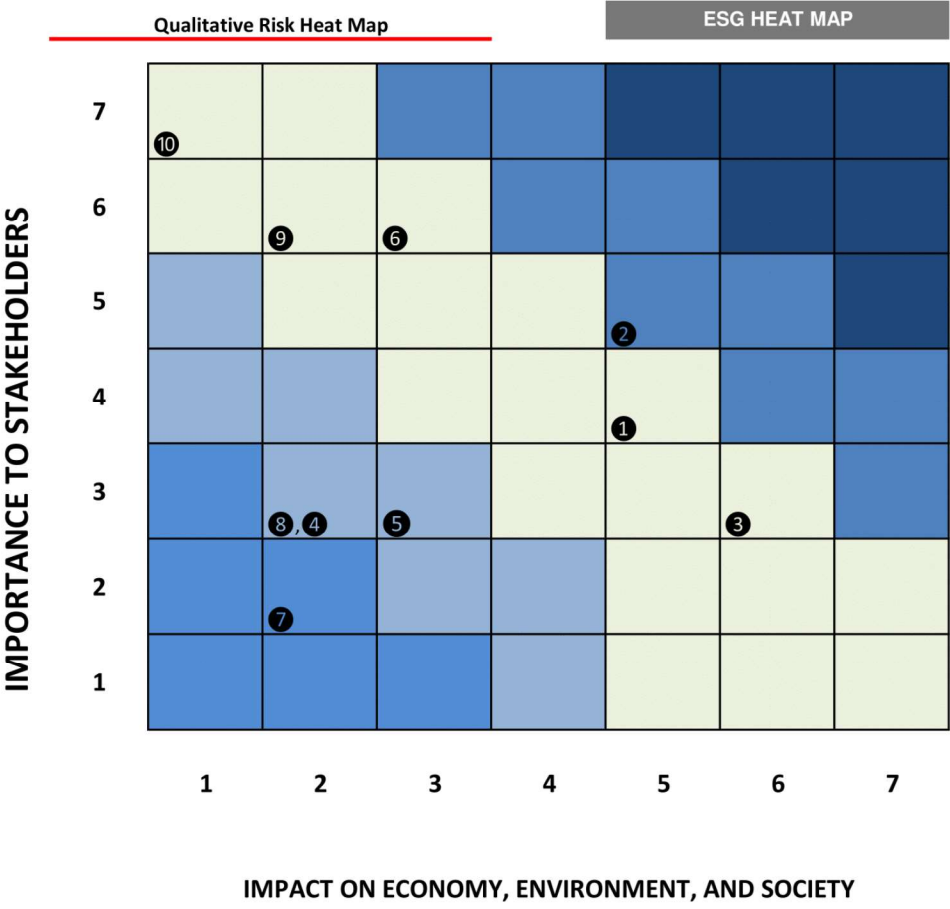
Roberto Sibrian, Risk Management and Insurance, Supply Chain Management

Historically, China has played a major part in the textile industry, with its labor-intensive production processes and its lax regulation. In addition to cheap intensive labor, reduced commercial barriers and optimal information flows attracted many textile companies to source from china. Looking far in the past in 2018, China accounted for nearly 38% of the world's textile exports (Statista, 2020). Fast forward to present times, there has been a clear shift from international sourcing and production to more domestic sourcing. The reason for this is because countries recognized that there has been an over dependence on China to produce and manufacture crucial goods. Along with this, consumer behavior completely shifted to more of an anti-Chinese sourcing perspective. This has caused widespread tension between governments.

Throughout the last few decades, the pandemic highlighted the risks associated with sourcing from Chinese manufacturers and suppliers. Financial, environmental, and societal risks completely disrupted global supply chain networks. When looking at the future, one thing is clear, countries will continue to avoid including China in their supply chain network and find new sources like Malaysia, Vietnam, Thailand, and India as these countries have similar natural resources and have the capacity to withstand global demand. The textile industry will most likely respond similarly in the years to come, as reliance on China will continue to dwindle.

Supply chain modification has become key to the success of firms who rely on their robust supply chain to generate revenue. Since most firms have heavily modified their supply chain processes in the past 30 years, this has resulted in astounding impacts on the six main drivers of supply chain management; inventory, transportation, facilities, information, sourcing, and pricing.

GLOBAL RISK ANALYSIS



Risk Heat Map Key	
1	Foreign Regulation
2	Global Pandemic
3	Tariffs and Trade Policies
4	International Shipping
5	Domestic Regulation Compliance
6	Pollution
7	International Mergers and Acquisition
8	Foreign Investment Risk
9	Foreign Currency Exchange
10	Global Technology Shutdown

Taking a closer look at supply chain risks, this qualitative risk heat map is based on the top ten prominent and emerging risks that the textile industry has and will experience during the time of Covid-19. Based on market research, these risks were strategically placed based on their importance and impact on society, environment, and global economy.

Although not based on quantitative data, this qualitative heat map provides a general overview of the apparent risks that exist pre and post Covid-19 pandemic.

ACCOUNTING AND CASHFLOW

Karst Bouma, Accounting

Thirty years ago, accounting reports, such as the financial statements, were done by hand which would take several hours to complete. Accountants and management wanted to find ways to cut this time significantly, and during the quarantine they had the chance.

One new development in accounting is the new programs used to cut time. The programs have advanced accounting to be more automated, which in turn, has saved accountants much more time. The programs were implemented by all businesses to help accountants complete work more efficiently. One drawback people were concerned about was would the technology replace accountants all together? As we can see now, we still have a need for accountants but when these programs were first developed many accountants were concerned about their job's security. Joe Zavala explained it perfectly by saying that these programs aren't meant to replace accountants but instead help save accountants time that they could give back to the client.

Another major improvement was the advancements into cloud accounting. Accountants commonly work with several others and during quarantine, it was difficult to coordinate with each other when everything was on one server. To improve this, management looked to the help of remote servers to develop what is now cloud accounting. Cloud accounting had just started being used by 2020 but rapidly developed during quarantine due to the demand for it to be used. With data being saved online instead of on your computer, more employees are able to access it and work on it at the same time. Looking back at the changes made since 2020, accounting has developed for the purpose of saving time for the accountants. The developments made into cloud accounting and various accounting programs, accountants have now been able to focus more of their time to building relations with the client and doing higher level tasks.



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