



# Luen Thai International Group Ltd

## 聯泰國際集團有限公司

### REPORT SUMMARY 報告摘要

Since 1965, Luen Thai International Group Ltd (Luen Thai) has experienced steady growth as a respected name in the apparel industry and a source of pride for its people. With over 13,000 employees located in 18 different manufacturing facilities in the Asia-Pacific and Central America regions, Luen Thai is one of today's largest apparel manufacturing and service providers; and major supplier to the most popular brands in the world, such as Abercrombie & Fitch, Express, Jones New York, Liz Claiborne, Polo Ralph Lauren, The Limited, Tommy Hilfiger, Uniqlo and etc.

Luen Thai realizes the importance of value-added services and customer satisfaction. Today's global marketplace is very technology-driven, and by leveraging on new technology and innovations, Luen Thai is able to explore new markets and open new manufacturing facilities to better meet customer needs and strengthen its competitive advantage.

A key initiative across all industries in the world is supply chain management. Luen Thai is proud to be a leader in creating a more competitive and integrated supply chain among its suppliers and customers in the apparel industry. To illustrate this dedication, Luen Thai has two wholly-owned subsidiaries, CTSI Logistics (CTSI) and Integrated Solutions Technology (IST), focusing on logistics and information technology respectively. Through working as an integrated solutions team, and by leveraging on its years of expertise and experience, Luen Thai is able to design the best and most innovative supply chain solutions for the apparel industry. These solutions enable Luen Thai to add significant value to its customers, and make it one step closer to becoming the best apparel manufacturer in the world.

### Leadership

To Luen Thai, leadership is having a strong management that is capable of leading the organization towards industry leadership. To drive Luen Thai forward, its leaders live by the corporate maxim of "*Right Things Do Right*" - a maxim that is strongly believed by the people of Luen Thai, from its chairman to its line workers in every factory across the globe. Backed by their vast experiences and strong desire for excellence, Luen Thai's managers and supervisors formulate innovative strategies, set ambitious targets, execute comprehensive business plans, deliver impressive results, and make Luen Thai a responsible corporate citizen while it prospers.

## Strategic Planning

In order to cope with the new market and customer needs, Luen Thai's senior executives are actively involved in developing the "Rethinking and Renewal" plan (R&R Plan). The R&R plan is a change management plan with systematic guidance clearly defining Luen Thai's vision, operational objectives as well as strategics.

The R&R framework consists of 6 layers, as depicted in figure 1. The top layer articulates the high-level objectives that must be achieved if Luen Thai were to realize its vision. These objectives are:

- Best Customers
- Best Value for Money
- Best Management
- Best System & Processes
- Best Culture
- Best Suppliers/Associates
- Best Financial Performance/Growth

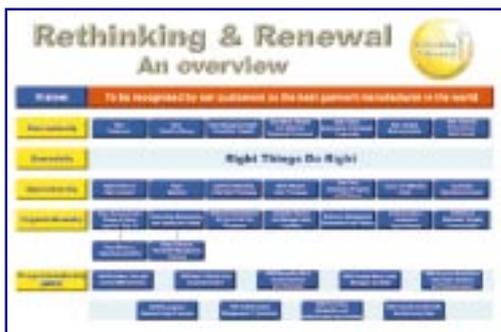


Figure 1- Rethinking and Renewal Framework

In operational terms, it means Luen Thai must:

- Deliver the right orders to the right locations;
- Obtain the right materials;
- Perform optimal scheduling of all work processes;
- Apply the most efficient work processes;
- Possess real time intelligence on progress and problems;
- React with quick and effective corrective actions, and
- Expand its manufacturing base.

With R&R, Luen Thai is able to ensure that all plans and actions are properly linked to the company's strategic objectives. This linkage is best illustrated by the Work Breakdown Structures, a tactical game plan designed to achieve the strategic objectives within the R&R framework.

Based on global benchmarking, strategic objectives are set with their corresponding measures of success. Action steps and resource allocation are planned and prioritized accordingly to deliver optimum commercial and social values.

### Customer and Market Focus

Luen Thai always targets to exceed customers' expectation. It provides values to its customers in the forms of Research and Development, sample-making, Vendor Managed Inventory and other value enhancement initiatives. Learning from the market and listening closely to its customers, Luen Thai delivers products and services that are valued by even its most demanding customers.

Luen Thai understands that close communication is a critical element in customer retention, and it has been communicating with its customers through conferences, face-to-face meetings and quarterly newsletters, "Focus" and "Forwarder". Such communication channels help Luen Thai to collect customers' feedback and market information, and, at the same time, keep its customers informed on what Luen Thai is doing. This allows Luen Thai to introduce new ideas and solutions to its customers constantly and proactively as a leader in the apparel industry.

### Information and Analysis

Information technology allows Luen Thai to gather reliable and timely business data for insightful market and management analyses. Such analyses are used to derive continuous quality improvement initiatives and support making better business decisions. Luen Thai has jointly developed various technology solutions with IST, its software development subsidiary, to cater for the needs of both its suppliers and customers in optimizing supply chain processes.

### Human Resource Focus

Sustaining a successful business requires a competent and happy workforce. Luen Thai invests heavily in training, work climate and work environment to provide conducive workplaces, job satisfaction and personal growth to its employees. Programmes such as Unified Principles of Social Responsibilities and Practice (UPSRP).

UPSRP guides the organization in becoming a global leader in worker's care. UPSRP contains the highest and most comprehensive codes of conduct and principles of "best practice" in the world's apparel industry, aiming to provide Luen Thai's workers with the best environment, care and attention.

Luen Thai received the Certificates of Social Compliance, SA8000, from the Société Générale de Surveillance S.A. in 1999. These certificates testify to the high standards of social compliance in its Saipan factory - one of its major manufacturing locations.

### Process Management

Luen Thai knows its success hinges on the sharing of good relationships and collaborative and integrated processes with its suppliers and customers. It strives hard to maintain a seamlessly integrated supply chain to maximize efficiency along the industry value chain. Leading such collaborative efforts has helped Luen Thai to become a productivity leader in the apparel industry. This was the motive behind the establishment of seven corporate divisions by the company in accordance with the Luen Thai Value Chain (figure 2). These divisions are responsible for translating the corporate vision into actionable goals, communicating such goals to the operational units, and canvassing employee feedback for the benefit of senior management.

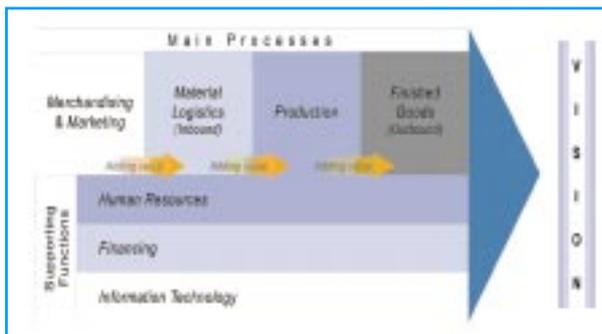


Figure 2 - Luen Thai's Value Chain

### Business Results

With its well-implemented business plan and commitment to quality, Luen Thai has been constantly delivering business results and performance measurements that are well above industry average. In the past few years, Luen Thai enjoyed phenomenal growth despite the Asian economic crisis in 1997-8 and the downturn of the apparel industry.

With sound financial strength, Luen Thai is able to support its quality improvement initiatives through internal financing. Luen Thai is dedicated to continuing its heavy investments in these quality initiatives in order to ensure the satisfaction of its customers and employees. Luen Thai will then continue to deliver its best and set more challenging targets for itself in the years to come.

*This Report Summary is provided by  
Luen Thai International Group Ltd*