

# THE TRUFFLE HUNTER

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Wanted: reliable suppliers and low-cost products of high quality. Found: by Hermes-OTTO International, a heavyweight on the procurement market for fashion and textiles, home and leisure goods for 40 years – and still heading for new shores

Anyone who wanted to sell textile goods from Asia in Germany in the 1970s had to have a penchant for gambling and adventure. Finding a reliable producer was almost as difficult as winning the lottery. Then getting the goods delivered intact and on time meant weeks of hoping and praying. Then came Otto International. And procuring fashion, home and leisure goods became much easier, safer and cheaper.

Known since 2009 as Hermes-OTTO International (H-OI), the company and its 1,800 staff look for high-quality goods and reliable suppliers on the markets of the world. Having initially worked exclusively for the Otto Group, this multi-cultural team has long since been working for third-party customers in Europe, North and South America, Australia, Russia and Asia. Alongside its head offices in Hamburg and Hong Kong, 29 regional offices make up a global network which closely links H-OI with its suppliers and customers.

However, Hermes-OTTO International does not limit itself to opening up new sources of supply. It also offers on-site quality control and manages the entire supply chain. This allows customers to track and manage their products' progress online. There is one service which Michael Dumke, Managing Director

of H-OI, is particularly eager to accentuate, "because our competitors don't offer anything like it" – the Inspection Centre. In a neutral environment not far from production facilities, specially trained employees test product quality in an unbiased manner. Piece by piece. The advantage is that only defective parts are sent back, while flawless goods continue their journey along the supply chain, saving time and money.

Transparency and communication create trust. "H-OI is keen to build long-term relationships with suppliers," says Dumke. In future we want to work with fewer but larger firms. This will make it easier to ensure product quality and guarantee social standards. Sustainable production is a prerequisite for doing business with H-OI: every supplier undertakes to meet statutory environmental, pay and social standards.

In 40 years H-OI has become a heavyweight on the procurement market. Is there not a risk of it resting on its laurels? "No way," says Dumke. "With the acquisition of the renowned Bombay furniture brand in the USA and the launch of the KeenOn Fashion platform, we are actually heading for new shores. Things are just getting exciting!" ■



*In the middle of Manhattan, from headquarters on 5th Avenue, Wil Hollands manages H-OI's operations in the United States*

## THE COMEBACK KING

**New York** How does one revitalise a cult brand that was clinically dead? Faced with this challenge is Wil Hollands, Head of H-OI in the United States. The patient is Bombay. H-OI has bought the brand. In the United States, the Bombay Company, with its 350 or so shops, was one of the most successful sellers of furniture and interior décor – until the company went bankrupt in 2007. Wil Hollands previously worked in a leading position for Bombay. Now he is back. “And Bombay is coming back,” he says. “People still love our particular style.”

Classic in style and influenced by Asian and European elegance, Bombay appears in the homes of the American middle class like a well-travelled, worldly friend – a little exotic but nevertheless familiar.

From the Bombay showroom on stylish 5th Avenue, Wil Hollands is planning the former champion's comeback. Some success has already been achieved: Bombay is supplying well-known wholesalers such as Bed, Bath & Beyond, Kroger Marketplace and Fred Meyer. And an online shop for private customers is to be launched in the autumn of 2012. “Our furniture and accessories are largely manufactured in Asia and we will benefit greatly from the procurement know-how of our colleagues,” says Hollands. Pleasantly surprised by the friendly working relations in the global Hermes Group, its social and ethical principles particularly impress him. “It's nice to be part of the family.”



## INSPECTOR

**Hongkong** Sandra Vollmert manages the QA/QC & Social Compliance Apparel department – and has a complicated task on her hands. Supported by a staff of 26, she monitors compliance with the quality and social standards which every supplier doing business with H-OI accepts. There are 3,000 factories to inspect worldwide, the bulk of which are in China.

“The compulsory rest day after six days of work is not complied with. The minimum wage is not paid. Workers are fined if, for example, they lose a pair of scissors.” These are the infringements which Sandra Vollmert is most frequently confronted with. In the area of quality, the checking of goods in the factory is often too superficial: “Shirts are packaged even though they have holes in them. Sometimes there is no quality control system at all.”

Chinese suppliers often produce goods for a pool of small factories with which a customer in Germany does not have direct contact. This is why independent testing by H-OI is so important – on-site and before production commences. If new factories fail to meet standards, no business relationship with H-OI will come about, and if existing factories repeatedly fail to meet standards, the business relationship is ended. It shouldn't go that far. In future, Sandra Vollmert hopes, the number of factories will fall as a result of supplier concentration. And awareness of social standards will then increase through targeted training and more controls.



*Sandra Vollmert is manager of “social compliance and quality worldwide”. She also monitors the working conditions of sewing machine operators in Dhaka*





*Claudia Hagedorn loves fashion. In Hamburg she manages the development of the KeenOn Fashion web platform*



## TRENDSETTER

**Hamburg** Sometimes plain speaking is called for: “With KeenOn Fashion we have created a unique trading platform on the internet that revolutionises the entire ordering process,” says Claudia Hagedorn. Indeed, the fashion world has never seen anything like it: KeenOn Fashion brings fashion traders and international designers together in a new way.

In its online showroom, designers present themselves and their collections, with plenty of photographs and 360-degree viewing. Shop owners and distance sellers are able to click on a large number of labels and styles and conveniently put their range together. There are no minimum purchases; KeenOn Fashion bundles individual orders together into collective orders. “This means that prices stay low and the margins for traders remain profitably high,” Hagedorn explains.

Well-known and up-and-coming designer brands not yet established on the German market are helping KeenOn Fashion to increase its sales and win new business customers. “Our brand scouts look all over the world for brands and designers with special potential,” says Hagedorn. KeenOn Fashion wants to present 100 to 150 brands on a permanent basis. H-OI assumes the entire order handling process – from quality control of logistics right up to payment and delivery. “A classic win-win situation for all involved,” concludes Hagedorn.