

Analysis: factory auditing - Collaborating for the cause

Posted by [Rob Bailes](#) [1] on Jul 11, 2012

Heightened confidence and collaboration in the Fair Factories Clearinghouse is leading to better standards auditing on the ground

Audit duplication has long been a problem in the clothing industry's supply chains. Overlapping inspections from myriad competing brands and audit standards leave factory managers confused, and merely fire-fighting with little time to address the root causes of non-compliance issues.

A number of initiatives designed to address these issues have emerged in the past decade. One of them, the New York-based Fair Factories Clearinghouse (FFC), recently showed signs that its work is achieving the scale and the industry buy-in needed to deliver meaningful change on the ground.

Like other similar programmes, industry collaboration and online data exchange are at the heart of the FFC's approach. Member companies' supply chains are diagnosed for overlap before those companies are then offered use of an online software platform through which they can share audit data.

Recent innovations in the FFC's software have enabled member brands to share forward-looking information. Companies can now share details around planned audits and scheduled factory visits or training programmes.

This shift from historic to forward-looking data exchange, combined with an increased understanding and confidence in the system, is contributing towards what Peter Burrows, executive director of the FFC, calls the "network effect".

Tackling inefficiencies

"Members are confident that this is the right platform for collaboration. Their comfort level in using the platform as well as in each other is growing. This allows us to focus on the core problem of audit inefficiencies and ultimately factory standards."

For Burrows – former chief information officer at Reebok International – overcoming the competition concerns of the major US retailers was a critical element in building confidence in the system. With those concerns allayed, member companies have been

able to jointly plan audits, share information with other brands and collaborate on corrective actions.

“At this point, what the FFC is doing is not necessarily new. What is new is the willingness of companies to collaborate,” says Doug Cahn, principal of the Cahn Group and co-creator of the FFC. “Companies have reached a broad-based comfort level within the organisation achieved through a period of experimentation and confidence building.”

For Burrows, not one to over-claim, the full impacts of these latest evolutions are too early to judge. He does, however, highlight an observable improvement in the richness of audit evidence, particularly contextual evidence. Factory managers also feel more encouraged, as corrective actions and issues can be concluded quicker.

The biggest benefit has been the improved efficiencies in the audit process. With less audit duplication both the brands and the factory compliance managers can spend more time addressing the root causes of non-compliance and improving labour standards in the factories. Good news for the workers and the brands.