

# View of Operations

## The definition of operations

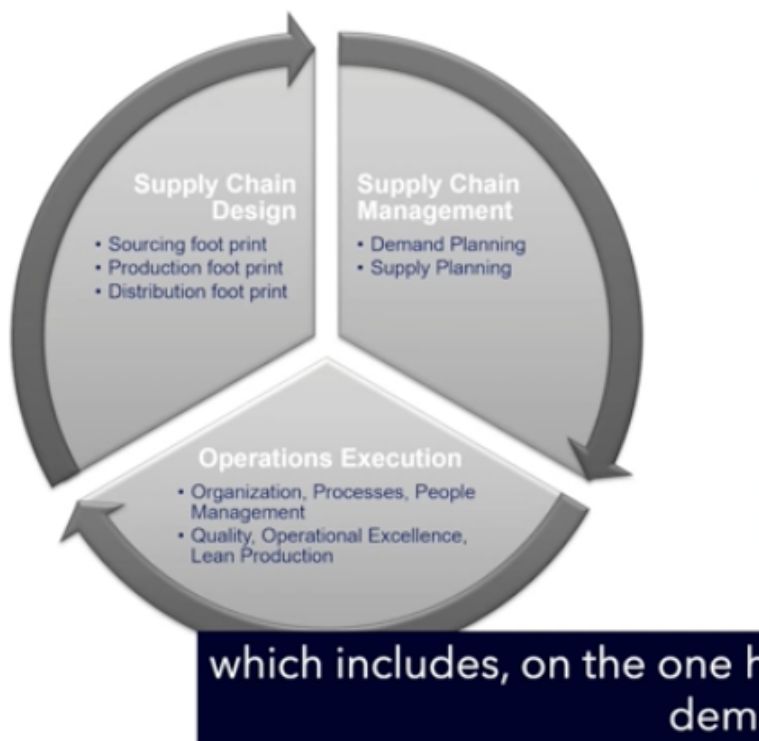
Operations refers to all the activities that transform raw materials, components, and packaging into finished goods and then distribute those products to the final customers

## 2 main challenges for supply chain and operations within luxury industry

- helping luxury Maisons become more and more customer centric
- Increasingly emphasising corporate social responsibility

## 3 pillars of sustainable performance within the field of operations

- financial performance
- social performance
- environmental performance



## *Supply Chain* Management:

- Deliver the right *item*
- Deliver the right *place*
- At the right *moment*
- At the right *quantity*
- At the right *quality*
- At the lowest *cost*

So that's t

## Supply Chain Execution *Logistics*

Purchasing  
Manufacturing  
Warehousing  
Distribution  
Transportation  
Administrative Tasks

it is physical  
e of us knows

## *Supply Chain Planning*

Sales & Operation Planning  
Forecasting & Anticipation  
Allocation & Inventory Management  
Balancing & Replenishment Management

## *2 main levers* in Supply Chain Management:

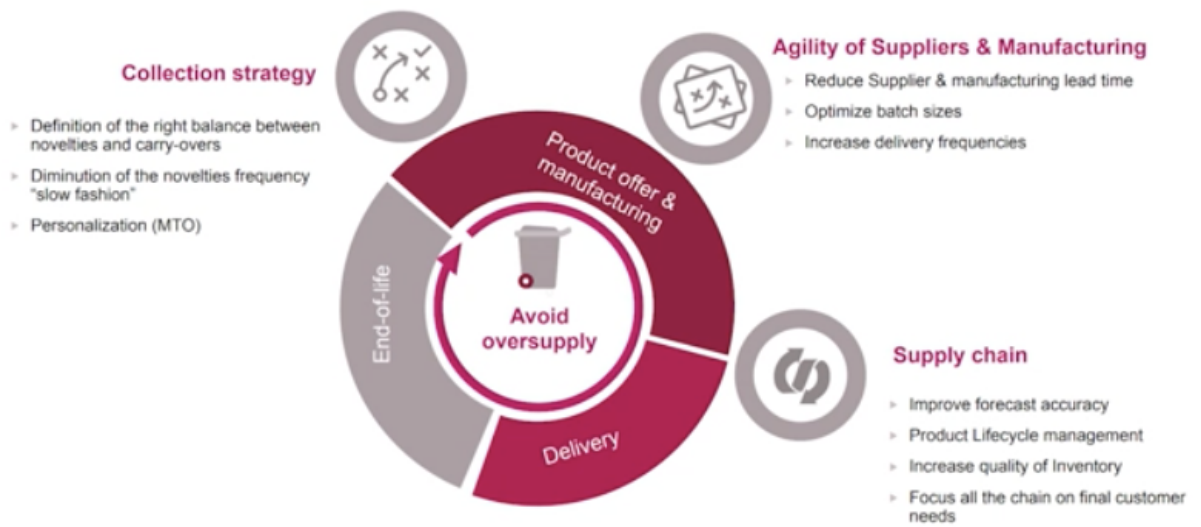
*Stock*  
=  
depreciation risk

*Lead Time*  
=  
customer disappointment

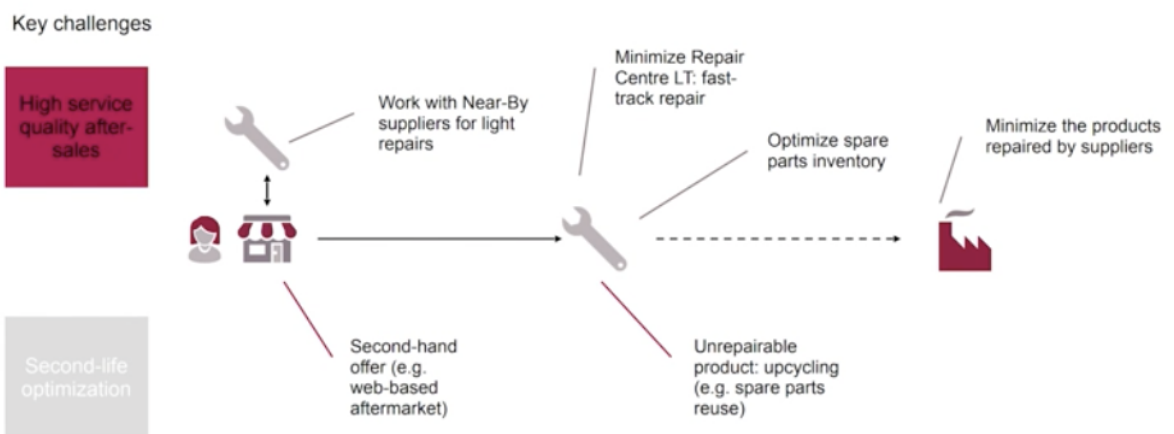
- reduce environment impact of a product
  - raw material is the key factor, 60%-80% accounts to the product
  - The logic image



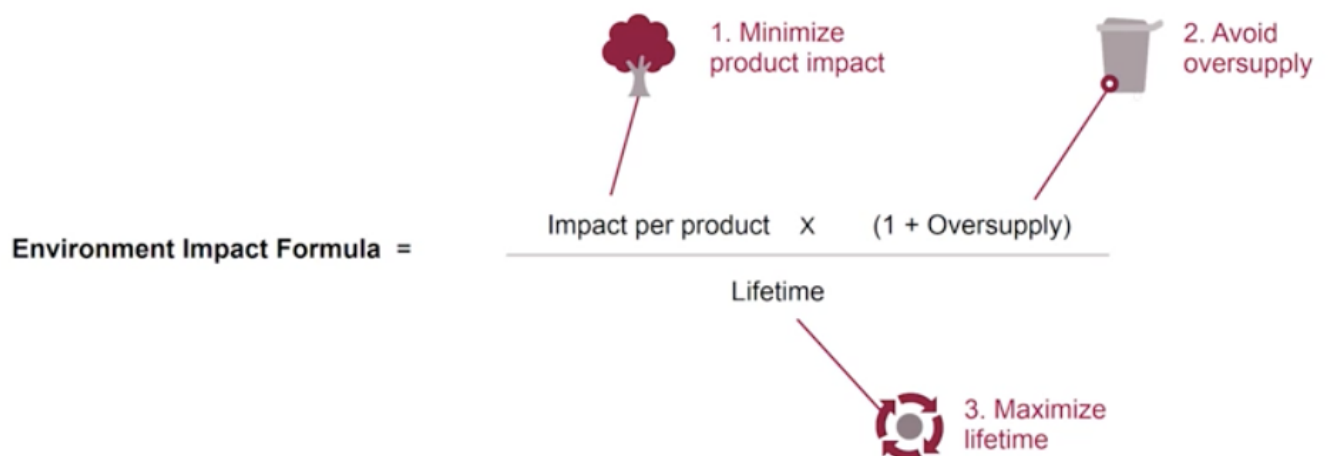
- avoid the destruction of a product
  - customisation and made-to-order supply chain models can help
  - image



- maximise the lifetime of a product
  - image



## Minimize the environmental formula



- Global Supply Chain management is composed of 3 steps : Design & Development, Production & Supply and Distribution & Dispatch

## Focus on Manufacturing at LVMH

### Roles of a manufacturing manager at LVMH

- work on **attracting new talents** to the Group
  - **developing LVMH Operations' teams** with, for example, our "Manufacturing and Supply Chain Academy"
- act as a **"sparring partner"** for each Maison, to support their operations and help them accelerate on transformation projects.
- facilitate the **sharing of best practices** between our Maison through, for instance, the organisation of forums around specific themes leveraging collective intelligence.

## Common values and shared specificities are our strength

1. **savoir-faire**
2. **quality**
3. **agility**

## Challenges : Translating Innovation into Production

1. Firstly, to accompany **the growth** of our Maisons, we need to be able to answer **increased demand** while maintaining each brand's savoir-faire.
2. Secondly, we have to **adapt to changes in demand**.
3. Thirdly, the Maisons within the Group are **constantly innovating**, with a continuous renewal of products.
4. Finally, we deal with **critical resources** - rare and precious materials, and in our constant quest of improving positively LVMH and its Maisons' environmental footprint,

People care,  
communication,  
attention to details,  
problem solving,  
analytical skills.

## Supply Chain is about fluidity and agility

### What is supply chain and where does the digital world fit in?

- The supply chain is the management of the flow of products and services – or providing the right products and services, at the right time, with the right quantity and at the right cost.

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# *Processes Organizations Resources Information*

- Christian Dior and Louis Vuitton have embraced technology is with the platform AURA, which verifies the authenticity of its luxury products using block chain technology.
- In 2018, the LVMH Group achieved around 3.5 billion euros in online sales. E-commerce will represent 20% to 30% of the sector's sales by 2025-2030, if not more! To that regards, Supply Chain is and will be a growing key success factor for brands. And behind successful supply chains, there are great people and teams. People make the difference.

## **The importance of Data**

- optimize sourcing and production
- A **delivery on a precise time-slot** with possibility to reschedule as desired (as opposed to express delivery)
- A **sustainable approach** (from an environmental & social point of view)
- A process 100% **available and adapted to client requirements and needs**
  - **Customisation** of the customer experience
- A **human-based** relation

With  
5 key  
dimensions

**Precision**

I am delivered at the  
right time and place

**Always in touch**

I can contact the brand  
anytime through any  
channel



**Sustainability**

I am comfortable with the  
environmental and  
societal impacts generated  
by the delivery

**Human touch**

I perceive attention and  
human contact during  
my delivery experience

**Personalization**

I can choose to give a  
personal touch to my  
delivery  
(packaging or services)