

FUSION

联合国国际顾问有限公司
FUSION CONSULTING INTERNATIONAL LIMITED

Professionals in Improving Social
Compliance and Productivity Efficiency
专业于提高社会责任和生产效率



people | planet | profits
brands | factories | workers





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Fusion is a consulting company that helps factories achieve compliance with brands' Codes of Conduct and international Corporate Social Responsibility (CSR) standards. In addition, we provide factories with productivity-building training that increases profits for factories while ensuring a sustainable change.

We identify root causes of Corporate Social Responsibility and Productivity issues to help your factory achieve higher profits while improving working conditions and environmental impact.

Our three co-founders have a combined more than 35 years of consulting experience, and include some of the first CSR consultants in China. Fusion seeks to improve the triple bottom line in every factory client, bettering people, profits, and the planet.

FUSING A LONG-TERM RELATIONSHIP

Fusion works with brand partners and factory clients to improve suppliers in a way that mere auditors do not. When suppliers are non-compliant, have transparency issues, offer low lead times, or otherwise operate below their optimal levels, Fusion can help the factory improve. This means that the relationship between customer and supplier will become much more sustainable, and the factory's internal profitability will continuously improve.

DIVERSE CUSTOMERS

Industries	Locations	Factory Owners	# of Workers
Garments Gifts Handbags Knitting Printing Shoes Toys Electronics	Guangdong Shanghai Zhejiang Jiangsu Anhui Hubei Hebei Others	China Taiwan Hong Kong Korea USA Canada Europe Others	Extra Small (20-199) Small (200-699) Medium (700-2499) Large (2500-4999) Extra Large (5000+)



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FUSION'S FACTORY CONSULTING SERVICES

Step 1: Baseline Evaluation

Fusion will first perform a Baseline Evaluation (BE) in every factory. This detailed report will expose the current strengths and weaknesses within the factory in both CSR (compliance) and Productivity. We record all identified issues with written descriptions and photo evidence. We tag each issue by level of severity, and update this classification as our consulting services help to improve the conditions.

Step 2: Workplan Creation

The BE report provides a basis for developing consulting and training programs alongside the factory management. After careful analysis of the BE report, Fusion consultants will work together with the factory managers to discuss root causes. They will together determine areas of focus for the consulting programs, set benchmarking targets, and decide on report frequency and content. This way, every consulting program is customized for our clients.

Step 3: Individual Factory Consulting

Fusion's Individual Factory Consulting typically involves 2-3 consulting days per month within a single factory.

A Fusion consultant will do onsite individual training days, and provide homework assignments and Key Performance Indicator (KPI) reports for continuous improvement within the factory in between visits. The factory managers and consultants will also have open lines of communication through e-mail and phone between visits.

Benefits

- Individually-customized program
- Attention to more details of issues
- Private training
- More hours per month dedicated to single factory

Step 3: Roundtable Factory Consulting

This service typically provides 2 consulting days per month for a group of 3-5 factories: one individual day and one group day. The individual day is as described on the left.

The other monthly consulting day will be shared among the factories. The location of the monthly group meeting will rotate among the member facilities, and will involve group training from Fusion consultants. Managers will be encouraged to share their successful methods for remediation of issues.

Benefits

- Shared best practices with peers
- Cheaper pricing due to distribution
- Feedback from other factory managers about facility and operations

Fusion's consultants use our own customized modules (see opposite page) to train factories in continuous improvement of both CSR and productivity to ensure that even after Fusion exits the factory, they remain compliant and efficient.

A brand customer can also be involved in the contract development. If they desire, they can also receive monthly KPI report updates that exhibit the improvements in compliance that the factory has experienced.





FUSION'S CONSULTING MODULES

Compliance & HR Programs

- Reducing Overtime
- Employee Retention
- Wage Structure
- Working Environment
- Health & Safety
- Rest Days
- Non-Discrimination
- Progressive Discipline
- Harassment & Abuse
- C-TPAT
- Child Labor
- Employment Contracts
- Official Documentation
- Trade Unions
- Attendance Management
- Standard Work Time
- Labor Relations
- Corrective Action Plan (CAP) Creation & Implementation
- Worker Feedback
- Incentive Systems
- Worker Training & Turnover Analysis

Productivity Programs

- Production Planning
- Cost Savings
- Work Flow Chart Systems
- Material Management
- QA/QC Feedback System
- Industrial Engineer Training
- Work Efficiency Analysis
- Strategic, Tactical, and Operational Management Systems Training
- Human Resources – Production Related Analysis

FUSION'S HANDSHAKE FEEDBACK SYSTEM

The Handshake Feedback System is a confidential worker communication system. Its purpose is to create a feedback loop between Fusion, the factory workers, and the factory senior management. It reinforces and ensures that the work that Fusion does applies to the core of the factory itself.

The Handshake System gives every worker an outlet through which he can express complaints, concerns, major issues, and other grievances with a neutral third party. Workers can call, text, or QQ message a representative from Handshake that works in a communication center in Guangzhou, China. The Handshake representative records every case and tags it based on type and level of severity, which alerts Fusion of problems that require resolution.

Through this system, Fusion gains direct contact with the workers to ensure that the factory truly does operate in a sustainable matter, from senior management to line workers. The factory benefits from this system in many ways, as it aids greatly in risk management, saves costs on internal grievance monitors, and improves turnover rates by identifying common worker complaints.

It is a highly recommended service that provides an additional benefit for factories and brands by creating an unedited and non-filtered communication line directly to the factory workers.



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Fusion Flexibility

Fusion is happy to work with your factory to develop a training program that meets your needs. The contract can be as short or as long as you require. You can pick and choose to train in any or all of our modules.

SOME OF FUSION'S SUCCESSFUL CASES

WAGE GAP REDUCTION

In the CSR field, the term for the amount of money an employee is supposed to receive minus the amount actually received is politely called 'the wage gap'. Fusion consultants have experience *closing that gap* in ways that do not impede profitability.

In one of Fusion's factory clients, the wage gap was initially 64.4% and 35.3% of legal wages in the first and second months of evaluation. This ranged from 80,000 to 160,000 RMB per month. Rather than ask the factory to simply begin paying out this extra cost, Fusion helped the factory increase worker efficiency.

Fusion also changed the compensation system in the factory. This reduced working hours to decrease legal labor costs by between 18% and 36% per month. Thus, the factory costs of shrinking the wage gap to 0% only required increases in wage costs between 2% and 8% per month.

Furthermore, the above statistics do not include the impact of other improvements like greater employee satisfaction and reduced employee turnover.

DECREASED TURNOVER

One of the main problems facing Chinese factories nowadays is recruitment and retention of workers. Fusion has employee engagement training that greatly reduces turnover.

Fusion improved worker satisfaction in one DongGuan furniture factory well enough to significantly reduce monthly worker turnover. The factory started with 10% worker turnover per MONTH, but through various productivity and CSR training programs, Fusion reduced this to only 1% per month. Fusion changed the wage system, improved production planning, set up a circular communication system, and installed a new HR system to improve the factory's operations.

These improvements led to more satisfied workers who worked fewer hours and received higher wages. They also developed more comfortable relationships with their superiors and felt more involved with their work. This improved the culture enough to encourage worker loyalty to the factory.

HANDSHAKE LABOR

As described on the last page, the Handshake Feedback System is a grievance system for factory workers.

In one of Fusion's factory clients, a new worker (here named XiaoMing) got into a motorcycle accident while he was returning to the factory for overtime. He went to the hospital, where he was charged 10,000 RMB for treatment. When XiaoMing attempted to contact his supervisor to ask about what to do, he refused to take his calls, and even denied knowing who he was.

XiaoMing contacted Handshake, and the representative advised XiaoMing on how to proceed and alerted Fusion of the issue.

Fusion and Handshake worked together to educate the factory management on their legal requirements. Fusion recommended that the factory use its employee accidental injury insurance to pay for XiaoMing's medical bills in order to avoid further issues. XiaoMing received the funds he needed to pay for his treatment, and the factory indeed avoided potentially serious legal consequences. After recovery, XiaoMing returned to work at the factory.

COST SAVINGS

In one apparel factory, Fusion's production planning trainings were able to reduce costs by an enormous 1.7 MILLION RMB. Please see the chart below for specifics about some of the areas in which costs were reduced.

Progress Item	2009 Data	2010 Data	Change
QC Pass Rate	96.1%	98%	1.9%
Air Freight Costs	378,000	86,927	77% ¥ 291,073
Temporary Workers Costs	380,000	250,000	34% ¥ 130,000
Finished Production Stock Costs	2,300,000	1,350,000	41% ¥ 950,000
Washing Chemical Costs	707,000	380,000	46% ¥ 327,000

VASTLY LOWERED WORKING HOURS

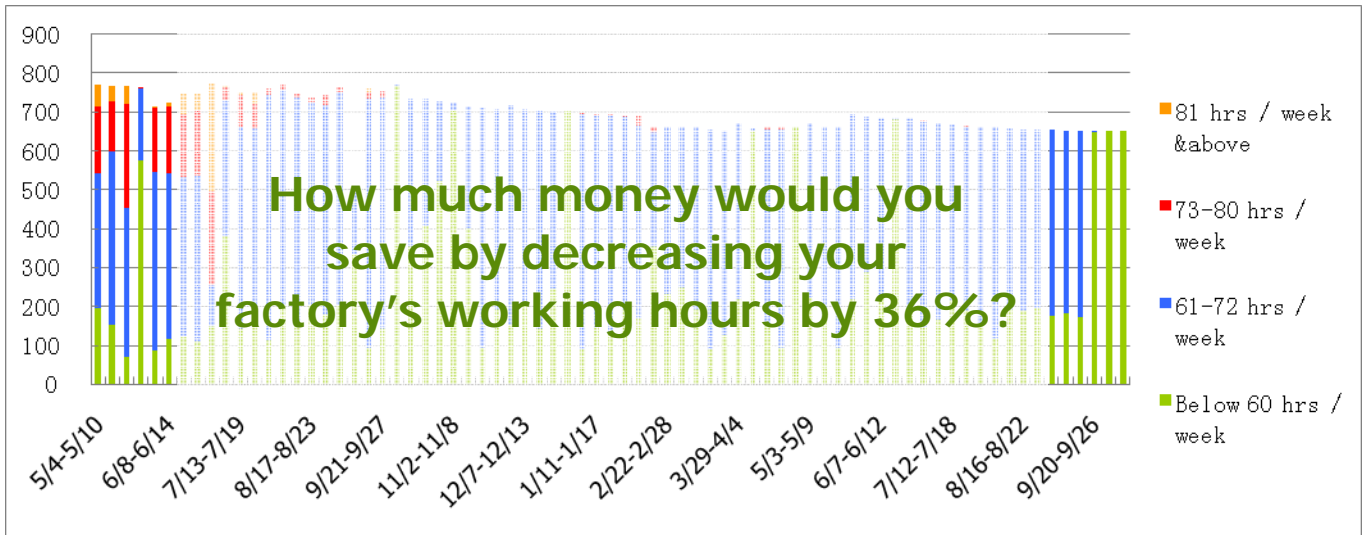
Fusion's factory clients see a positive return on their investment in our consulting after only a few months because of decreased costs and higher production efficiency. When Fusion began consulting in "ABC" Factory, for example, total weekly working hours totaled more than 50,000 per week. After 17 months of consulting, Fusion helped the factory decrease their working hours to just more than 30,000 per week. During this period, the output REMAINED THE SAME. Thus, the factory's revenue stayed constant while they saved costs due to lower wages and decreased energy usage. This means that profitability increased GREATLY due to Fusion's consulting. It also means that the factory could have alternatively increased output and revenue if they had kept total working hours constant.

First Six Weeks (May-Jun 2009)						
Week Hrs/wk Per worker	5/4- 5/10	5/11- 5/17	5/18- 5/24	5/25- 5/30	6/1- 6/7	6/8- 6/14
Below 60	199	156	71	576	89	120
61-72	344	443	384	187	457	423
73-80	173	128	266	1	166	171
81 & Above	55	40	47	0	3	10
Workforce	771	767	768	764	715	724
Total	51011	50652	53665	41312	47810	48111



Last Six Weeks (Aug—Oct 2010)					
8/30 - 9/5	9/6- 9/12	9/13- 9/19	9/20- 9/26	9/27- 10/3	10/4- 10/10
179	183	175	651	652	654
477	471	477	1	0	0
0	0	0	0	0	0
0	0	0	0	0	0
656	654	652	652	652	654
40671	40472	40471	32617	32600	32700

Weekly Working Hours Saved: 18,311
Working Hours Saved in 1 Year: 952,172





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