



The California Fashion Association (CFA) is focused on building a knowledge base to identify and meet the needs of the various constituents of the industry.

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As Seen In: **FDRA**

How to prepare your company for the coming business impacts due to the war in Ukraine

Our thoughts and prayers go out to the innocent people trapped in a new and violent war in Eastern Europe. 19th Century power politics have been resurrected and will lead to consequences well beyond Europe's borders, impacting our economy and our industry.

Much of the coming impacts are beyond the control of companies. But there are things we as an industry can do to better prepare:

Prepare for cyber attacks and disruptions to your systems

As the U.S. enacts and continues to add sanctions, companies should prepare for a rise in cyber attacks, ransomware, malware and other cyber disruptions.

Russian nationalist hackers, as well as their cyber army, are going to be targeting U.S. companies to harm our economic welfare if President Biden orders additional and necessary sanctions and actions.

Many of the targets will be defense related businesses, but as malware is increasingly distributed, it will attack whoever it can reach including shoe companies of all sizes.

Executives at all levels need to discuss this not just with IT professionals, but with all employees.

Some tips on discussions and preparations:

- Companies need to make sure they backup their data physically and remotely from the internet, not just in the cloud.
- Ensure all your software and systems are up-to-date with security patches.
- Most attacks will not be on systems but by email. Every employee is reminded not to click on random links or documents from unknown emails or from known emails that look suspicious. *Every employee who has a question should know who within your company should be asked regarding the validity of any email or correspondence - a designated person in a department or the tech team. Set up a forwarding email address for reporting if needed.
- Companies need to make sure all vendors who have access to any of their systems - feeding in or out - have all their backups and software updates.
- Companies need to discuss their strategy to isolate and turn off systems if infected (kill chain strategy) - and run scenarios and training on using backups and getting systems back online.

Prepare for higher sustained gas prices, shoe material, component costs

Oil prices have been rising steadily for the last several months. The war will raise oil rates further and they will likely remain high, above \$100 per barrel, for most of 2022.

OPEC, as well as shale oil companies in the U.S., have shown no willingness to increase production. Refining capacity has flatlined.

Oil rates will increase shoe material and input costs in a number of ways. It will also obviously impact shipping costs and delivery costs.

Some tips on discussions and preparations:

- Review travel budgets, input costs, supply chain and delivery costs and prepare for increases. Cut back if needed. Adjust your cost assessments.
- Discuss potential price increases with factories, customers, and partners in a collaborative and proactive way.
- See if you can lock in on rates now.

Prepare for further supply chain and trade disruptions!

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