

Future Factories in India

Apparel manufacturing has seen a tremendous shift in the past 8-10 years. Globally, manufacturers have always tried to shift to low cost destinations and thus Bangladesh (which is the lowest cost country today) has witnessed a large shift. Consequently, its apparel exports have grown to about USD 18 billion. The growth in Indian apparel exports has not been as encouraging. Apparel manufacturing in India seems to be moving away from the fundamental high volume business to more skill driven, high fashion - low volume business. This has put significant pressure on manufacturers to redefine their process.

Traditionally, apparel factories in India have worked with long manufacturing lines and a significant amount of work-in-progress. Until a few years ago, it was assumed that higher work-in-progress translated to higher output. Today, however, with reduced volumes, long lines with high work-in-progress volumes can be fatal. Also, in the past, since the margins were wide enough, the focus on value loss was low. Now, profitability has been impacted by increase in raw material, pricing, salaries and wages, and energy costs, and also by higher consumer awareness. Even in the domestic apparel market, retailers continue to work with suppliers to improve the cost of goods sold. In the domestic retail scenario, any savings on cost of goods sold, or COGS, can directly improve profitability. So while the quantity per style is still low, retailers seek to work at competitive sourcing costs. There is thus a rationale for the establishment of a new set of performance indicators for apparel manufacturing.

While there is presently an evident need for change, this will, in the future, transform into a necessity for change. Future factories in India will have to adopt strict process controls at all levels of manufacturing. The broad changes which can be expected will come from various areas related to apparel manufacturing. In India, apparel manufacturing has always been concentrated closer to the major cities. Factories which were established around Delhi/NCR, Bangalore, and Chennai have been going through various issues including labor attrition and skill shortages. This reduces productivity levels and makes the factories uncompetitive. In the big cities, the workforce finds some of the other industries like retail, pharmaceutical etc. more convenient to work in as compared to apparel factories. Also, as the cost of living in the cities has also gone up significantly, the expectations of wages and salaries increase correspondingly. Future factories will have to seek locations closer to the areas of labor availability, whereby the labor cost can also be controlled.

Like the textile industry, apparel manufacturing does not have laid down guidelines regulating process controls. Most factories have developed their own "best" approaches. Few of the better companies have improved processes by adopting modern methods of manufacturing but a large number of companies continue to work along traditional lines. The biggest challenge here is the reluctance to adopt changes by the middle management. Also, staff members who have been working in factories for a long time have not been exposed to changing methods. Most companies even now do not have changed measures in place. The measurement of key indices helps in establishing current performance levels which can be used to benchmark with regional and global performance levels. While the overall benchmarks may not be directly applicable in all companies, they can still give a perspective on the potential for improvement in key performance indicators. Hence, it will be important that future factories are designed to work at reasonably good levels of performance.

Future factories will have to integrate the basic foundations of people, process, and technology and move to reduce wastage in the system. Adopting tools of Lean manufacturing, clubbed with an industrial engineering approach, will work best for apparel manufacturing. The process losses at each stage will have to be measured quantitatively and improvement teams must look at improvements continuously. Visual control tools will have to be used extensively to make the system more transparent. Training of staff will have to be considered equal to periodic maintenance of machines. The outcome of all the above will be a lean, effective, and empowered enterprise, which draws its strength from both the obvious and latent capabilities of all those involved.

On the technology front, it will be imperative to use the right technology, with existing technology improved to facilitate productivity without hampering overall flexibility. While garments were traditionally churned out on a basic single needle lockstitch machine, supply chain maturity in recent times has been pushing manufacturers to deliver consistently superior quality at lower prices sustainably, reliably, and consistently. This can be attained through a reengineered and appropriately automated manufacturing setup that creates long term sustainability through consistency, reliability, and cost advantages.

Technology also includes the use of appropriate information technology, or IT, tools for planning and scheduling, which have typically been weak links in the apparel manufacturing supply chain. Also, the judicious use of production monitoring devices will become critical in establishing the current state and the possible improvements at any given point of time.

It is also relevant to think that future factories will need to improve on the sustainability quotient. Sustainability may no longer simply mean reducing the factory's carbon footprint. A Factory will have to be a place where employees want to come and work. The factory will have to provide an environment which is safe, healthy, and conducive to the overall well-being of an employee. There are examples of factories around the world which have been able build teams within the factory to improve the overall environment. Such factories will need to adopt practices to channelize resources to work better in terms of both quality and quantity. Employees contributing to the organization will be recognized and even rewarded. Compliance will be monitored through regular internal audits rather than upon being pressured by the customer.

To conclude, India has the potential to increase the apparel business both by exports and by working for domestic retailers. However, it is important that factories are designed to work at benchmarked efficiencies with reduces process losses across the manufacturing supply chain. Training of resources at all levels will become crucial to ensuring sustainability and reliability.

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