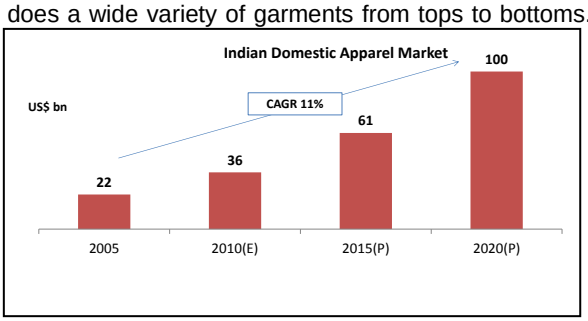
Transforming Apparel Business – Key elements

Apparel Business globally is a labour-intensive activity, with strong dependence on product development, process engineering and manufacturing efficiency. Like any manufacturing activity, the key pillars to achieve the deliveries have been man, machine and material, as experts would typically argue.

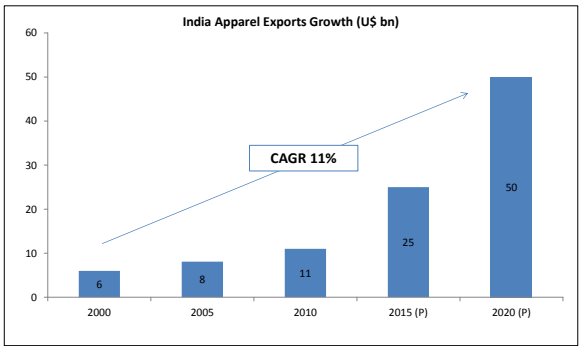
However, the excessive reliance on back-end efficiency and development of newer manufacturing models in more recent times added new dimensions of focus to the value stream. The approach changed to PPT i.e. People, Process and Technology. And with some more deliberation to improve the backend further within the labour-intensive nature of industry that suffers from the vagaries of labour supply and cost, the approach further added the aspect of location to manage cost and supplies better. This creates a more robust and more encompassing model - PPTL i.e. People, Process, Technology and Location.

To build the premise, apparel manufacturing has been one of the key employment generating business in the country. The overall apparel manufacturing in India is about 22 Bn out of which some 12 Bn is towards the domestic Industry and about 11 Bn for the exports. India does a wide variety of garments from tops to bottoms. However, from a retailer perspective India specializes in high value, garments with components of hand work added. Both the domestic and the exports have potential of growth and the projections could be that the Domestic Industry will be USD 100 Bn by 2020 while the exports can grow to USD 50 Bn by 2020.



Again both the domestic and the export industry have their respective challenges. For the domestic industry – the key challenges from manufacturing stand point are:

1. Smaller lot sizes – so higher flexibility required
2. Differentiated fabrics – so higher skill required
3. In consistent business – the volumes are seasonal
4. Price pressures – always increasing
5. Labor issues



On the export front, the key challenges are:

1. Scale is an issue
2. Smaller runs of high fashion garments is what India produces the most
3. Price pressures
4. Labor issues

So overall, the complexity of work in India either between exports or Domestic is high. There are price pressures which have been impacting the business and will continue to effect. The Industry largely developed around the cities which have become expensive now. Even if the Minimum wages for the state is low the living wage in the city is high and the businesses have to pay higher to retain staff and labour. Labour also today feels apparel manufacturing to be tedious and would rather work in better environments of malls, electronic goods manufacturing etc. With the social sector schemes on the peak, the migration of the labour class has also slowed down, thereby the availability of labour in the cities itself becomes challenging.

The business needs a transformation to increase sustainability. In the given context, it is important to look at the key elements of People, Process, Technology and Location in the correct perspective.

People are the biggest asset in any labour intensive industry. People, drives the processes and hence become integral to the overall development of the factory. Most factories fail to act here. While senior management do get the opportunity to understand the scenario the translation of the requirements to the supervisors and other middle management becomes an issue. Most factories work with production managers who have grown from within the industry and do not feel comfortable in employing modern methods. Not completely their fault because we have never attempted to expose them to training on better practices. Training at various levels is absolutely essential to bring about any change in the thought processes of the current staff in the factories. These could be internal and external. Better companies have used training as a tool to bring in significant transformation. However, this needs to be done on a far higher and continuously.

Process requirements have changed drastically over the times. What was relevant some 10 years back may need to be tweaked quite a bit to current requirements. Defined processes simplify the operations and helps in improving the overall efficiencies of the operations from supply chain management to manufacturing operations. A simple example may be that typically the Work in process levels in assembly line manufacturing was kept to be higher to achieve higher output. This however increased the overall throughput time for the product. In today's environment of reduced order quantities and a push to reduce lead times, lines need to be planned differently. They need to be smaller with less work in process using Lean tools like SMED (Single minute Exchange of dies), for faster style change over, Andon - for better visual control, Poka Yoke – for mistake proofing etc. Individually these are simple tools but need to be synergised to the overall processes of the factory to yield best results.

Technology plays an important role. Not just to deskill operations but also to improve consistency in the operations. Most factories feel that because the order sizes are small, specific technology becomes redundant because of higher cost of changing dies etc. They should compare that cost to the additional time spent in doing the particular operation manually and also the cost of quality arising out of inconsistency of outputs. Technology also needs to be understood with the perspective of maintenance. Machines need to be kept in good condition employing best practices of preventive maintenance to ensure that the work does not suffer due to breakdown of machines.

Additionally, manufacturers will have move out of the cities and find newer locations closer to the availability of labour to ensure a smooth supply of labour at a particular cost. Many manufacturers have also already started using dormitories to facilitate the living of the labour creating a win-win scenario. As a trend, i see that most new large apparel manufacturing facilities will be started outside the cities.

Transformation of apparel business will come from a transformation of backend that involves agility or 'lightning speed from concept to delivery', efficiency that involves 'delivering optimal outputs or rather producing more with less', flexibility that involves ' readiness and responsiveness to changing demands' and quality that thrives on 'right first time and focus on Cost of Quality (COQ)'. This boils down to three core pillars of manufacturing excellence – 'people, process and technology'.

Authored By:

Amit Gugnani - Senior Vice President, Fashion (Textile & Apparel)