

The 9 Key FACTORS TO SUCCESS

Investing in manufacturing alone does not guarantee success. It is imperative that a factory is both compliant and competitive. Here are nine key factors that are important for any garment manufacturing business to succeed.

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India has been an integral part of the global textiles and apparel industry throughout history. India's textile and apparel exports stood at \$37 billion in 2018 and are expected to reach \$80 billion by 2025. The domestic apparel market is also projected to grow from \$100 billion in 2018 to \$220 billion by 2025.

The growing market presents immense opportunities for investing in garment manufacturing. One of the most

attractive reasons for investing in garment manufacturing is that it is less capital intensive with high investment to turnover ratio. However, investing in garment manufacturing business alone does not guarantee success. With growing global competition, it is important that the garment factory is both compliant and competitive. We discuss the nine key factors that are important for success of any garment manufacturing business.

1.

Efficiency

Buyer's demand for higher value at lower price is driving the need for maintaining optimum efficiency levels. Efficiency in garment manufacturing is a function of 4 Ms: manpower (trained staff at all levels), machinery (both core machines and software), material (availability at right time and quality) and methods (standard systems and processes). For example, a high-tech factory alone cannot guarantee higher efficiency and needs trained manpower to operate those machines.

In these times, operating at optimum efficiency level is no more optional and has become inevitable to succeed and takes a toll on profitability, if not maintained. It is estimated that an improvement of 10–15 per cent in efficiency can result in 3–5 per cent improvement of EBITDA, even after paying higher wages to workers in form of production incentives. Also, at a country level, the presence of efficient garment manufacturing set-ups increases its overall attractiveness in the global market, fetching larger orders and enhancing wage-earning opportunities for the workforce.



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2.

Compliance

Compliance refers to meeting legal obligations for safeguarding the health, safety, and welfare of workers in an organisation. Buyers globally are focusing on sourcing from compliant garment factories with many like H&M, C&A, Zara, etc, insisting on traceability to ensure that the goods are ethically manufactured. The Government of India has also introduced multiple compliance norms such as labour compliance, social compliance, environmental compliance, etc. Hence, conforming to the recognised standards of production has become one of the key success factors for any garment manufacturing business that aims to cater to global buyers. While compliance has become very important, it might be confusing for a new investor given varied requirements by global brands. In such cases, a garment manufacturing consultant can help investors build a compliant garment factory suiting the different requirements right at the time of factory planning.



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3.

Factory layout

Factory layout refers to the physical arrangement of the industrial facilities such as sewing machines, storage systems, supporting fixed assets, among others. An effective layout should not only represent optimal physical arrangement for space-saving but should also be well designed for reducing material movement and labour movement. The development of an efficient plant layout results in smooth workflow across the production process, improved production efficiency and ensures 10–12 per cent space-saving. An efficient layout also incorporates the varied compliance requirements such as safety, health and environment (SHE) norms and is a visually appealing factory. Thus, preparing an efficient factory layout that is both compliant and productive at the same time is very critical.



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4.

Technology

In this developing world, technology has become an essential part of running any business. It is crucial that garment manufacturers introduce timely technological advancements in order to ensure product quality and sustainable growth. In most of the cases, an automated machine reduces manual intervention, thus resulting in direct cost savings because of the reduction in labour costs. In addition to reduction in manual labour, some additional benefits of automation include better quality, energy-saving, reduced breakdown and inventory control. Usually, technology is often associated with high-tech machines with robotic systems. However, even simple use of folders and guides can help in automation to some extent. Also, technology is not just limited to automated sewing machines but also entails application of software, which find applications in real-time data analysis, visual fits and transparency in the supply chain. However, technology adoption may not be the same for all garment manufacturing set-ups. A highly automated machine might not prove to be advantageous for all product categories and set-ups and hence, level and type of automation should be chosen very wisely. As it has a direct impact on capital investment and operating expenses, it should be evaluated in detail.



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5.

Training and HR

Training and human resources are crucial for any labour-intensive industry and garment manufacturing is no exception. It is almost impossible to produce a quality product without a trained workforce. Understanding the importance of training and HR, the Indian garment industry conventionally has been employing standard methods of training, which involves four weeks of basic training for unskilled people. The basic aim of such training programme is to impart technical skills required for production. Research suggests that soft skills are equally important for ensuring high performance. However, little emphasis has been paid towards soft skills, which includes motivation, health and hygiene, group behaviour, self-management, and time and team management. Given the criticality of training, modules such as high-performance training envisions skilling, wherein 80 per cent of the labour is multi-skilled and most of them can be made certified trainers as well. Given the criticality of contribution of workforce in the garment industry, skill development with special emphasis on high-performance training becomes an important factor for success.



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6.

Information technology tools

Today, information technology has become an integral part of the apparel industry. The data collected on a shop floor can be fully utilised only if it is analysed properly to arrive upon strategy-defining results. Modern software provides manufacturers with the ability to monitor and control almost all the aspects of their business from anywhere in the world. Software establishes a single-user interface with a centralised database for the proper flow of information among various departments of the garment factory. It facilitates planning and coordination between different functional areas within a manufacturing unit and maximises the value realisation by integrating supply chain operations within and outside the garment factory. The software also helps in identifying and controlling the root causes of delays while providing strategic insights to solve the identified issues. Also, with reducing lead times, a manufacturer cannot afford to spend much time in finding the problems and this is where software helps. For example, real-time data of a sewing line quickly alerts the production manager to take corrective actions in case of reducing output. Hence, software not only stores the data for calculating outputs at the end of day but gives real-time analysis to monitor it continuously. However, given the wide variety of software solutions offered by several companies, it is very important to cautiously match the needs of the organisation with the offerings by the software.



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7.

Buyers' tie-ups

With emerging garment manufacturing countries such as Bangladesh and Vietnam, India is facing a stiff competition to maintain its global standing. In such challenging situations, developing long-term partnerships with buyers is the best way to grow and sustain the business. Considering the growth of apparel consumption globally and in India, investments in such tie-ups will reap benefits in the long term. These long-term partnerships mutually benefit both manufacturers and buyers. While benefitting the brands with a reliable destination to source from, it helps manufacturers increase their profitability by strengthening their brand value, ensuring flow of orders and decreasing the risk of any stalled inventory.



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8.

Customer service

Customer-centricity is no more just related to the services sector; rather, it is transforming most of the manufacturing businesses. For garment manufacturers, it is important to not only manufacture the right products at right time, but also cater to the changing requirements and have a service orientation such as customer resolution management, being flexible and adaptive to new designs, and having internal quality audits. With changing buyers' demands such as short product lifecycles and high number of stock-keeping units, it is important that manufacturers form long-term partnerships with brands to ensure that they are both aligning and upgrading themselves as per buyers' needs.



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9.

Product development

Product development is the lifeline for adding new buyers as well as retaining the existing ones. With product strategy being a vital part of the overall business strategy, it is vital for garment manufacturers to adapt to global requirements. Product development not only includes adapting to changing product design and requirements but also adhering to the short product development cycle. Modern innovations such as digital product development process using virtual technologies, provide the opportunity for companies to shrink the product development cycle time from months to days. Also, with the concept of long-term partnerships, buyers prefer to source multiple products from a single manufacturer who can cater to different products. Such partnerships ensure a consistent supply to brands as well as ensure profitability for manufacturers through consistent flow of orders. Hence, product development is not just one key success factor but an inevitable part to survive in this global competition.



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No industry is easy to break into and it remains true for garment manufacturing. For any garment manufacturing unit, the aforementioned points are pivotal for success. As per our analysis, a 250-sewing machine factory can lose 2.5 lakh pieces in production and ₹2.5 crore in profits every year due to basic underlying faults in manufacturing systems. It is, hence, important that garment factories are planned keeping these factors in mind. Given the supportive government policies and India's strengths as an apparel manufacturer, we strongly believe that the opportunity for apparel manufacturers is beyond question. It is just a matter of manufacturing efficiently with a defined strategy.**FF**

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