

Strategy Management in the Apparel Industry

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Abstract

Strategy implementation in the garment industry requires a special kind of expertise. Formulating a strategy requires an entrepreneurial focus and emphasizes the ability to conceptualize, analyze and weigh, whereas applying strategy has a primarily managing focus. All fashion companies must, regardless of their current situation, develop a long-term strategy. There is not a single strategy that would be optimal for all companies, because each company must determine a strategy in accordance with its objectives, capabilities, resources and market position. Strategic management in the garment industry illustrates advances in business strategy in the garment industry for current and future managers, students of textile technology and engineers. Modern society which is characterized by large turbulence and complexity of environment, as well as rapid and massive changes due to sudden development of technique and information systems, influence the necessity of using strategic management. The very existence and success of production–business system depends on the environment, abilities and constant innovations.

Keywords: Apparel Industry, Strategy Management, Manager and Supervisor

I. INTRODUCTION

In recent years, the apparel industry has gained greater popularity from ready-to-wear garments. Bulk production in the apparel industry has reduced the cost of production of apparels while maintaining quality. This is because of the application of strategy management to bulk production of apparel.^[1] The strategy management process defines the strategy of the organization. It is also defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance. Strategy management is a continuous process that appraises the business and industries in which the organization is involved; appraises its competitors, and fixes goals to meet all the present and future competitors, and then reassesses each strategy.^[2] Strategy management process performs environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. Strategy management uses methods and techniques by which effectiveness and efficiency are achieved in realizing the organization's goals. The methods and techniques commonly used in strategy management include: SWOT analysis, scenario method, gap analysis and Five Forces analysis.^[3,4]

II. DEFINING FEATURES OF THE APPAREL INDUSTRY

With the passage of time, after the clothing business appeared and continually developed, it was necessary to create a specific industry called the clothing industry. This is a diverse and heterogeneous industry which covers a great number of activities from the transformation of raw materials into fibres, yarns and fabrics that, in turn, are used in the production of hi-tech synthetic textiles, wool, bed-linen, industrial filters, geo-textiles and clothing (garments), sports equipment, household, furniture, civil engineering (construction, automobiles, and aircraft), and medical textiles.

For each garment, producer branding is a big challenge, especially for the small and medium ones, that lack the resources and marketing team, which large companies have. On the other hand, sensitivity and rapid changes in the market dictate the pace and "seek" to create a brand with which they can survive and thrive in a highly competitive environment. From the standpoint of garment producers, a trademark is a promise to provide a consumer with something unique, compared to what other competitive products and trademarks offer. From the standpoint of the consumer, a trademark implies keeping a promise and maintaining quality.^[5]

III. EFFECTIVE MANAGEMENT

"No business in the world has ever made more money with poorer management."

- *Bill Terry (One of the greatest baseball players of all times)*

The quote above very appropriately states the purpose of investigation of management in the garment industry. State-of-the-art machinery, efficient labour force and standard operating system cannot do wonders without effective management.^[16]

It is a challenge, a skill, and a virtue to achieve efficient business operations with quality products under conditions of high competition and the global economic crisis. Therefore, it is necessary to know and plan the strategy of garment production, to analyze and adapt to market and business changes.^[6,7]

IV. THE INDIAN GARMENT INDUSTRY

The Background: The Indian subcontinent is the second largest manufacturer of garments after China, the global leader. Today, India is known for high-quality garments for men, women, and kids, and most of the garment manufacturers are in small and medium scale industry.^[8] The industry is growing with an increase in fashion consciousness among Indians. The Indian garment industry's key advantage is production of stylish garments for all consumers at economical prices due to cheap labour rates. Using advanced technology and sophisticated machines has enabled manufacturers to achieve better quality and well-designed garments.^[9]

Exports have been on the rise because of increased orders from global buyers accompanied by the rise in investments in the garment sector in the country. The garment industry is of major importance to the Indian economy as it contributes substantially to India's export earnings (13%). It is estimated and analyzed that one out of every six households in the country depends on this sector directly or indirectly for its livelihood. Retailers across the globe have been establishing their businesses in India either directly or through joint ventures due to low cost of production; some retailers include Wal-Mart, Tesco, M&S, Raymond's, Loyal Group, Mandhana Industries, Alok Industries, Arvind Mills, SEL Gr, Nahar Gr, KPR Mills, Sutlej Textiles, Bombay Rayon Fashion, Siyaram, etc.

In 2018, the top garment manufacturers in India recorded success in key areas of manufacturing, exports, sales and employment. India's textile sector contributed a significant amount to the country's GDP (5%). This sector accounts for 10% of the country's manufacturing production and India is now the world's 2nd largest garment exporting country in the world. The readymade garment industry in India alone exports over \$17 billion worth of products every year and is expected to expand even further. Employment in the Indian garment industry has surpassed 12 million people in 2016, making the sector the country's 2nd largest employment provider. This year, Indian garment manufacturers are expected to employ 12.9 million people as the result of consistent growth coupled with increasing demand for readymade garments.^[10,11]

The uncertainty ^[12-15]

Statistics on the number of clothing companies and jobs in the clothing industry are uncertain because of the large number of small and informal clothing companies that are not registered. In addition, the closure of companies often results in the development of another company elsewhere or an increase in the production capacity of an existing company using more efficient machinery and equipment. Unregistered companies employ only a small number of people; there are many such companies and they account for a significant portion of the total capacity. These companies are therefore important for the clothing industry because they are flexible in terms of their rate of production, working hours and wage rates.^[4] Fig 1 shows India's declining apparel export from the year 2015 to 2017.

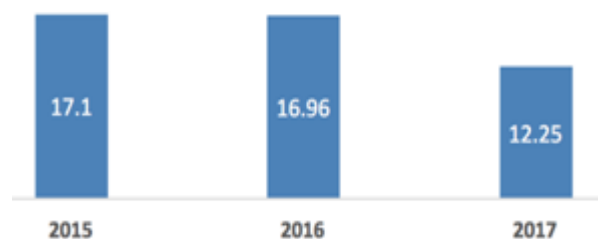


Fig 1. Indian Apparel Export (USD Bn) (Source: UN Comtrade)

(a) High Costs of Capital

Compared to its competitors, India has one of the highest costs of capital, which directly affects India's cost of production, and hence, the country's competitiveness in the global market. The current lending rate in India is between 11 to 12.5%, while China, Vietnam, and Turkey offer capital at a rate of 5 to 7% only. To add to this equation, high power costs in the country further push India back.

(b) Factor Costs

The labour cost in India is higher than that of Bangladesh and marginally lower than in China and Vietnam. China, however, compensated for this disadvantage through its training infrastructure. Although the Integrated Skill Development Scheme (ISDS) of the government is focused on growing the pool of skilled labour in the country, the growing labour costs are stealing away India's competitive advantage in the apparel industry.

(c) Lower Efficiency

With increasing global competition, one of the main factors affecting the growth of the garment industry in India is the low productivity level. India's apparel factory productivity levels are relatively low compared to countries like Turkey, China and Bangladesh. Fig. 2 shows the comparison of the above-mentioned countries in terms of efficiency.

(d) Rejection %

Less automation, unskilled workforce, lack of work synchronization, lack of proper market studies, lack in R&D and other related factors cause rejection rates to be high especially in the case of middle and small manufacturers.

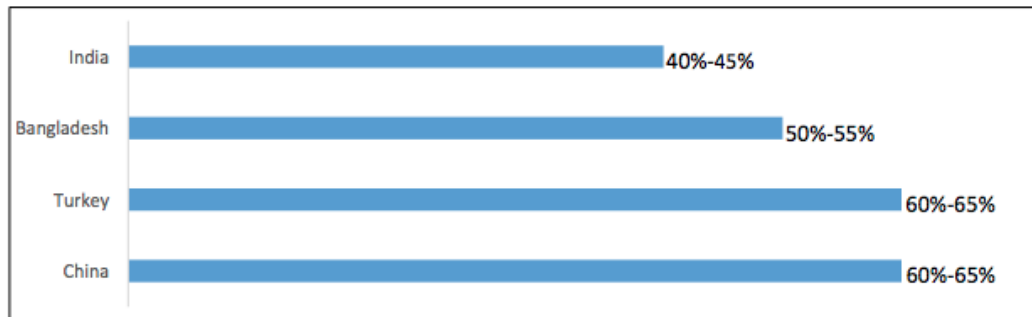


Fig 2. Comparison of production efficiency in different countries

V. THE ROLE OF MANAGERS AND SUPERVISOR IN THE GARMENT INDUSTRY

The role of the managers and supervisor in garment industries includes:

1. Production manager receives an order to plan and order sheet from the senior authorities.
2. He will prepare textile and apparel production plan on weekly, monthly and quarterly basis.
3. He will receive material status against each order and will monitor the progress of material received.
4. He will receive the approved sample, swatch card against the order sheet.
5. He ensures that apparel production lines are properly balanced for target output.
6. He coordinates with the quality manager so that defective or faulty goods are not produced.
7. He provides job assignment to supervisors and other subordinates.
8. He ensures that floor, machinery, toilet and dining spaces are neat and clean.
9. He ensures that all work stations are properly illuminated.
10. He will arrange for continuous training of helpers and operators.
11. He will have a pre-production sample prepared and compared with the originally approved sample.
12. He ensures pursuing right works, quality, and maintenance standards.
13. He ensures that materials are organized at each stage of processing.
14. He ensures that a congenial atmosphere exists on the floor.
15. He makes the right evaluation of the performance of his subordinates.
16. He arranges for proper documentation of all the activities on the floor.
17. The production manager will make arrangements for the right line layout or machine layout.
18. As a leader, he inspires and unites employees for better work and better motivation.
19. He ensures that all the machines are equipped with protective devices.
20. He organizes pre-production meetings or pre-production activities to discuss related issues.
21. He will approve commencement of production against a work order.
22. He monitors the progress of production against a production plan.
23. He takes counter measures if the progress of textile or apparel production is not satisfactory.
24. Production manager coordinates with all concerned to ensure that apparel or textile production progresses as per plan.
25. He is responsible for ensuring discipline on the floor.
26. He takes care of workers' safety and welfare.
27. He makes the best efforts to create a congenial work environment which is called "win-win situation".

All the above 27 points are followed to reduce cost, wastages, improve efficiency and achieve higher production.^[16] Any lacunae will create deficiency.

VI. HOW TO OVERCOME THE LACUNAE?

Generation of any lacunae with respect to strategy management in the apparel industry affects the cost, wastages, efficiency and production of apparels. These lacunae can be overcome by considering the following points:

- Proper work supervision with the right people as mentioned above. Table management should be perfect.
- The right man at the right place for the right works depending on design will enhance productivity. Skill development is a must.
- To increase the work synchronisation for better output.
- Automation of the work processes as done in China. There should be proper chain management and auto carry system.
- The garment industries should be village-oriented with maximum female workers who can stitch better with lesser wages.
- There should be proper pricing policies, timely export and delivery.
- To know the buyers and market demand.
- Branding the product and publicity is necessary.
- The fabrics can be purchased at a cheaper rate and to convert them into decorative garments in case of kids and ladies wear.
- Proper teamwork is a must.
- Salary can be fixed but the incentives are to be increased.
- There should be proper R&D and value-added production. Ladies and children's wear attract higher earnings while men's wear is less profitable.
- There should be maximum utilization of fabrics and less than 3% wastage by increasing cutting and stitching efficiency.
- Proper training and understanding in each area is a must.

VII. CONCLUSIONS

The management, with proper mission, vision & strategic planning, can be successful in this competitive business world. There is a perception that the Indian garment industry is expanding, earning foreign exchange through exports and providing employment, but in comparison to China, Vietnam and Bangladesh, India is still lagging. The organizations that are most negatively impacted are the medium and small enterprises. They must improve efficiencies as stated in this study. Key factors to focus on for the development of the apparel industry, especially in the unorganized sector, are cost savings, better utilization and proper training with skill development. The apparel industry has the potential to grow going forward by implementing various suitable strategic methods.

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