

Adapting to survive

Ayub Mahomed, md of Ashfield (UK) Ltd, gives his views on why offshore and onshore should live together in harmony

As a fresh-faced rookie back in 1987 when I joined the family manufacturing business, signs had just started to emerge of the changes that lay ahead.

A shift to offshore production, fuelled primarily by the chasing of lower labour costs, but exacerbated by the increasing difficulties at home of recruiting and retaining a skilled workforce, meant that at the back-end of the 90s and into the new millennium, things were looking pretty bleak for those in our industry not ready to adapt to this 'New World Order'.

We noticed a huge and dramatic swing during 1991 and 1992. Even those customers committed to the 'Made in England' ethos, and that initially had been resolute and determined to keep as much of the process here as possible, were being swept along with the offshore tide.

The exodus of business firstly into Portugal, then the Eastern Bloc countries and onto North Africa, has seemed relentless. As the business came these local economies benefited, bringing a new found affluence and with it increased labour costs. And so the march continued. But the Far East, and specifically China, is a different animal. Not least because of its size and the pool of labour, but also its resourcefulness.

For us, the shift away from our traditional manufacturing roots to become, instead, a service provider to the trade, has meant that we've weathered the offshore production storms that have impacted so heavily on many others. That, as a garment decorator we're now Europe's largest, is of course a great source of pride to me but I find myself, albeit grudgingly, acknowledging that there are some real and great benefits to the customer of offshore production.

My conviction that things will continue to "swing back" again has come primarily from the long-term relationships built with our fashion customers. In a volatile market striving to offer innovative products to its consumers, fashion demands change,

constantly. And the quick response, 'just-in-time' approach needed just cannot be satisfied wholly by the offshore route.

As things settle, what appears to be happening is that the shrewd fashion houses are taking a hybrid approach. For their low risk, core and high volume lines the strategy is to continue to use home-grown creativity. And, by despatching designers and technologists to monitor the offshore suppliers' use of elements such as fabrics, dyes and finishing, coupled with the imposition of quality processes, they continue to enjoy the associated lower costs.

But, for those lines where speed is of the essence, where there's a need to respond to unforeseen trends, to reduce the risk of over-stocking fading styles or shortages of hot items, businesses like ours still have, thankfully, a major role to play.

The benefits of offshore, specifically the competitive price advantage it brings to the marketplace, initially brought with it increased exposure, risks and disadvantages, namely:

- Lack of communication between both the suppliers of the raw materials and the garment manufacturers, and the fashion house and its suppliers
- Lack of competence in supply base
- Lack of consistency in the quality of materials and processes
- Lack of resources in supply base
- Political instability of supply base
- Poor transportation and logistics of goods
- Lack of design skill and technology at supply base.

Granted, huge leaps have been made to overcome many of these; however, others, such as a lack of credit terms and a recognition of the impact on the environment such trading can have, still remain.

An awareness of these shortcomings, a commitment to develop and add to value added services, an ever watchful eye on costs and fine-tuning of processes means that, whilst the volumes

we enjoyed in the past are almost certainly lost forever, we can nurture back the trend to onshore which is developing.

Looking back I can see that 'biting the bullet' and continuing to invest when others shied away from it was risky. But minimising the risk in the short term might have meant losing skills and capacity in the medium to long term. Recognising that the competition was a real threat to our livelihoods and industry, and a threat that wasn't going to go away has engendered a more consultative and collaborative approach with customers and a readiness to develop services in line with their changing needs. So garment decoration businesses such as ours continue to develop complementary and vital services such as:

- Creative and innovative design expertise
- Sampling services which bring these designs to life and set the standard for production elsewhere
- Product research and development to ensure we remain at the cutting edge
- Agile, responsive customer services
- Shortened lead times
- Quick response replenishment

Our strategy as an industry has to be based around differentiation. It's patently obvious that we can never compete on price and it's not our similarity to our offshore counterparts that will win the day, but actually the differences between us.

Although I'm optimistic, I recognise that we're not out of the woods yet. Margins are constantly under pressure and remaining competitive is tough in this economic climate. Nonetheless I'm convinced that, if we're prepared to face the challenge head on, our own UK based industry will not only survive, but thrive.

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