

Manager's Report



The clothing sector in the Western Cape is important to both the regional and national economy. Apart from its labour intensity and hence substantial contribution to employment, the sector has numerous multipliers in terms of inputs (textiles), outputs (domestic and international retail markets), labour (particularly given the demographic profile of the industry's employee base) and the use of ancillary services. It consequently performs a vital socio-economic role locally and nationally.

Competitive pressures stemming from increased global competition have forced big textile manufacturers to downsize and outsource operations to small Cut-Make-Trim (CMT) factories.

Most CMT owners have poor management capabilities. This has contributed to high levels of inefficiencies epitomised by, among other things, lost production time, reworks and wastage. Compounded by intense competition amongst CMTs, these inefficiencies have driven down the unit price of garments to unsustainable levels and prevented any form of collective bargaining power to take root in the supply chain dominated by the retail sector.

The work done by CLOTEX attests to the vital role that business and technical support to CMTs can play in underpinning the industry and enhancing its ability to compete against cheap imports. For example, CLOTEX statistics show that at a time of huge job losses the SMMEs that received support were able to **retain 1485 jobs**, increase efficiency rates from **35% to 75%**, and reduce percentages of garment rejects. To a large degree, whether the industry succeeds will depend on its capacity to develop an efficient, flexible supply chain that can enable retailers to respond to

short-lead times and meet the demands of a transient local fashion market. Local CMTs who are able to meet these performance drivers will be in a position to develop a strong competitive advantage over cheaper imports.

The growth of the clothing and textile industry has been stunted by poor industrial relations as well as rigid labour and business regulations. Absenteeism, which can be as high as 18% of the workforce, has adversely affected business performance: its impact has been felt in several ways including sick leave payments, increased production costs resulting from unbalanced production lines, low productivity, poor quality garments and increased unit costs.

Contributing to the high business costs has been the red tape associated with complying with tax regulations, labour laws and Bargaining Council accreditation.

To counter the threats confronting the regional clothing industry and to maximize those opportunities that does exist, CLOTEX has under its year of review explored joint interventions and broader collaboration opportunities amongst stakeholders to assist SMMEs in the clothing and textile sector.

Vision Statement

CLOTEX has established itself as a reputable representative organisation of the SMME sector of the South African clothing and textile industries and is known for its active role as a facilitator in the upliftment and growth of these industries, which includes primarily strengthening the sustainable competitive positioning of these SMME manufacturers.

The programmes, activities and interactions undertaken by CLOTEX are at the heart of its vision to "significantly increase/retain employment in the clothing and textile industries in the Western Cape through the development of small, medium and micro enterprises by enhancing their performance and international competitiveness." At the core of this vision is the facilitation of access to information, referrals, mentoring, coaching, facilitation, project management, training in business management, industry specific issues and developmental projects to SMMEs and stakeholders.

Organisational Issues

Central to the implementation of the vision is the funding CLOTEX receives from various funders, including the Provincial Government of the Western Cape, SEDA and other partners and the innovative and dedicated CLOTEX team of administrators, advisers, mentors/consultants, and the delivery of an excellent service that is not only sensitive to the macro-micro economic trends impacting on the industry, but also to the need to deliver value for money in terms of quality and price.

The period under review has been a successful one for CLOTEX. The report highlights the achievements for 2005/2006.

CLOTEX involvement with companies covered the full spectrum of SMMEs, ranging from entrepreneurs to grouping of 5 – 20 employees and 21 – 50 being the next highest. A few companies are in the bracket of 51 – 120. These companies are primarily Cut Make and Trim (CMT).

Manager's Report Continued

The accreditation as a National and Provincial Government Service Provider to the Department of Labour has allowed CLOTEX to explore creative ways around various initiatives.

Our training division changed its approach from the normal ad hoc training programmes to projects / needs-driven training in close conjunction with accredited training institutions and recognised Service Providers. CLOTEX also managed to deepen and strengthen its technical skills training outside the CBD area and concentrated in transferring skill in rural areas as far as Beaufort West, Caledon, Paarl, George, Worcester and Darling.

We worked on developing an appropriate curriculum for our technical training programmes and submitted our application for registration with the CTFL Seta.

CLOTEX has been accredited as an Enterprise Information Centre (EIC) to the Small Enterprise Development Agency (SEDA) through its service delivery network of capacitating small enterprise development centres to provide business development services

to entrepreneurs in the local municipalities.

Our mentoring/coaching division has played a crucial role in the transference of technical skills and practical productivity improvements. The overall purpose of the programme is to provide specialised interventions to a targeted group of SMME companies through a focused, outcome-driven and integrated development process that translates and leverage the growth and sustainability of the recipient SMME companies in the domestic and international market.

CLOTEX is currently providing consulting services to one of the bigger formal companies in the greater Central Business District. The initial approach to CLOTEX was to assist the company for a period of four weeks in the setting up of various incentive schemes. This project has subsequently been extended to the end of December 2006.

The CLOTEX Design House Linkage Programme was launched this year and is in line with our vision to significantly increase/retain employment in the sector through the development of SMMEs by enhancing their performance and international competitiveness. The aim

is to build sustainable partnering and a collaborative working environment between purchasers and suppliers.

During the past year, we grasped opportunities, learnt from them and grew through them. Some of the growth was painful, and some of the learning points were difficult and challenging. But through it all, we are building a platform for future growth and development.

In conclusion - I would like to commend CLOTEX staff members for their efforts, commitment and their enduring ability to be creative and innovative. A special thanks to the trainers, mentors, consultants, active partners, funders and stakeholders for your contributions and support during the year 2005/6.

I would like to commend and thank the CLOTEX Board and especially the Executive Committee members, all of whom have worked hard to develop this organisation's growth and innovation.



Averil Appollis



CLOTEX Staff

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