

Sewn Products Manufacturing is Returning to the Americas

Do You Have What it Takes to Seize the Opportunities?



With the rapid rise in global manufacturing costs and risks, fashion and other sewn products retailers and brands are rethinking their supply chain strategies. At the same time, socially and environmentally conscious consumers and organizations are taking greater interest in where and how products are made. These and other important trends are driving U.S. retailers and brands to reconsider the opportunities and benefits of producing their goods in the Americas. As they take a fresh look at their options, a growing number of these companies are concluding that manufacturing in the Western Hemisphere may indeed make good business sense.

While the promise of reshoring and near-shoring suggests a brighter future for softgoods manufacturers across the Western Hemisphere, many may be ill-equipped to compete for the production programs that have already begun to return to the region. While companies are clearly considering ramping up local manufacturing, they are not willing to do so at the expense of significantly higher costs or reduced service levels from those attainable through global sourcing.

Competing on the Global Stage

To effectively compete and win in this new era of opportunity, sewn products producers must exhibit world-class speed, efficiency, and visibility. To achieve this, manufacturers must take full advantage of the latest software and information technology for the factory floor.

New York-based apparel manufacturer General Sportswear Company sees its ability to service replenishment programs for U.S. retailers as a key competitive advantage. With two production facilities in Nicaragua and Honduras and distribution in North Carolina, the company offers fast throughput and competitive costs throughout the supply chain. Its 110,000 square foot Central American cut and sew facility leverages the latest in real-time Shop Floor Control (SFC) technology from **BlueCherry**® Shop Floor Control to consistently ensure the highest levels of productivity and eliminate excess costs. This SFC technology also enables the factory to better manage and quickly adjust production to align with changing retail sales and inventory requirements.

Similarly, El Salvador-based BWA Inc. leverages its Central American apparel manufacturing operations to take advantage of duty-free import opportunities and a quick transit time to Miami. The company also utilizes **BlueCherry**® Shop Floor Control along with lean manufacturing techniques to provide clients such as Dillard's, L.L. Bean, Cabela's, REI, Joseph A. Bank and Belk's with some of the quickest response times available in the industry today.

Identifying True Production Cost

Manufacturers that want to capture reshoring or near-shoring opportunities must also focus on their "True Production Cost". While direct labor costs account for a significant portion of overall product costs, less obvious cost items such as indirect labor, overhead, non-value added activities, lost time, overtime, manufacturing inefficiencies and excess costs all contribute to the true production cost.

Unfortunately, many manufacturers do not have systems in place to properly identify and manage these costs. In these cases, performance tracking is reduced to simply measuring shipping and invoicing totals. With lack of attention on these important cost factors, productivity often dwindles as quality, returns, and chargeback costs rise significantly and damage both the bottom line and overall competitiveness of the business. In these operations, managers know only that profits are shrinking

To learn more about how **BlueCherry**® can help, contact your **BlueCherry**® sales representative at 212-408-3809 or email us at applications@cgsinc.com. You can also visit us at www.cgsinc.com.

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but they lack visibility and control of where the money is going. They simply cannot fix what they don't know. Plants without internal systems for productivity measurement are full of these types of surprises.

By capturing and monitoring these costs, an effective SFC system provides an actual production cost history for each product produced. Armed with this information, managers can identify that a specific operation is taking twice as long as expected and is driving cost variances through the roof; or that recurring bottlenecks in production flow are causing significant losses in productivity. Over time, they can also compare actual costs against their standards to ensure proper and competitive costing for future production programs.

Productivity Matters

As one of the most recognized men's wear brands in the world, Joseph Abboud produces finely tailored suits, sport coats, and trousers that are sold through better department stores and specialty shops. With more than 200 operations required to produce a suit (coat, pant and vest), its products are highly labor-intensive.

For more than 25 years, the company has maintained a strong commitment to "Made in the USA" and its 400,000 square foot factory in Massachusetts. Implementation of SFC has helped maintain these US manufacturing jobs by boosting productivity more than 35%. It also enabled the company to reduce cycle times by more than 60% and training time by 30%. In addition to reducing costs, these and other improvements empowered Joseph Abboud with the rapid delivery schedules needed to better service its customers.

Increasing productivity of an operation impacts production costs more than most people realize. While labor costs are a critical metric in determining manufacturing location, companies that once based sourcing decisions primarily on hourly rates have learned that productivity can be a significant leveling factor in global competitiveness.

Consider that a plant running at 50% efficiency will require twice the number of operators and workstations to produce the same volume as one running at 100%. Low productivity also results in higher overhead costs per unit. In addition to the obvious measurement of individual operator efficiency, productivity can also be impacted by many other factors; including production line balance, product quality, equipment availability, workforce training, attendance and turnover.

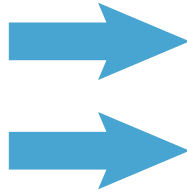
With all things considered, low productivity can easily double or even triple the true production cost. The consequences of low productivity manifest in late deliveries, inconsistent quality, and excessive costs. Left unchecked, these can result in canceled orders, manufacturer chargebacks, retail markdowns, and significant lost business opportunities.

The reality is that low efficiency has the potential to kill a manufacturing operation; no matter where it is located. To ensure that this does not happen in your business, you must have effective real-time information flow, visibility and control throughout the production floor. A SFC system can help you achieve these and other essential operational capabilities by enabling your teams to measure and foster productivity, reduce excess costs, and maintain a balanced workflow. In most cases, the savings achieved solely from the productivity improvements driven by an effective SFC tool quickly pay for the investment in the system.

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Enemies of Productivity

- High Direct Labor Costs
- High Indirect Labor Costs
- High Excess Labor Costs
- Low Operator Efficiency
- Poor Line Balancing
- Poor Workforce Utilization
- Poor Skills Utilization
- Inadequate Training
- Poor Work Aids
- Poor Quality



Steps to Increased Productivity

- Measure and Foster Productivity
- Track and Reduce Excess Costs
- Optimize Line Loading/Balancing
- Implement Effective Incentives
- Remove Constraints to Productivity

Real-Time Visibility Yields Strategic Advantages

SFC provides real-time insight into production activities that simply cannot be otherwise achieved. It turns an environment of reacting to problems after they occur into one of proactive management that helps teams quickly address or even avoid such issues.

Empowered with such visibility and control, supervisors and managers can make better informed and more-timely business decisions on how best to deploy and utilize worker skills, as well as load and reconfigure production lines to optimize and maintain a balanced flow. These important management tools help reduce delays and eliminate excess costs associated with unexpected production issues and absent or under-achieving workers.

In a similar fashion, a real-time system enables managers to quickly identify quality issues, find the source and take corrective measures before they can escalate into more costly and time consuming problems.

As manufacturing begins to flow back to the Americas, sewn products producers are challenged to raise their competitiveness to seize these opportunities. With the ability to reduce true production costs, increase overall productivity, and provide the visibility and control needed to consistently deliver the quality and service required, a proactive Shop Floor Control solution is perhaps the fastest and most effective way to position your business for near and long-term success.