

# CCTC Newsletter: May 2017

This newsletter provides a review of the main Cluster activities. Please forward this bulletin on to colleagues who you think would benefit. To receive quarterly bulletins, subscribe to our mailing list by emailing [cctc@bmanalysts.com](mailto:cctc@bmanalysts.com) with your details.

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## **CCTC AGM**

The Cluster hosted its Annual General Meeting at the Cape Town Hotel School on the 16th of May. The AGM provides both members and non-members with an opportunity to review the Cluster's interventions and financial results over the past year and gain insight into the budget and activity plan for the year ahead. The AGM also serves as a platform to reflect on strategic developments in the CTFL industry, recognise leading performance from Cluster members, and network with other industry stakeholders.

Once guests were welcomed and the proceedings opened, outgoing chairman Bobby Fairlamb from K-Way Manufacturers delivered the chairman's address. While recognising the constrained economic environment, he expressed reason to be optimistic about the CTFL industry in the form of retailers increasingly looking to source locally and government's renewed commitment to supporting the industry.

The guest speaker for the event was HSBC retail analyst, Jeanine Womersley. She provided empirical detail and historical context to the currently soft retail environment and warned that domestic retailers would likely continue to face major headwinds in the form of low economic growth and intensified competition from international retailers. Amongst other conclusions, she highlighted the need for greater alignment between domestic retailers and manufacturers to derive competitive advantage through shorter lead times and the opportunity that this presented to domestic manufacturing.

Jake Morris from B&M Analysts (the appointed service provider to the Cluster) then presented a review of 2016 and the programme for 2017. Highlights included the completion to plan and budget of a robust core support programme in 2016 despite a significant reduction in public sector funding, and confirmation of the exciting news that the Cluster had succeeded in securing grant funding from the IDC to the value of R27 million through to the end of 2019.

Finally, the guest speaker and Gavin Smith, Senior Account Manager at the IDC, assisted with the handing out of annual awards. The Cluster was proud to announce Sheraton Textiles as the winner of the Best Participation Award for their dedicated involvement in Cluster activities and K-Way Manufacturers as the winner of the Lean Improvement Award for the continuous advancement of lean manufacturing principles in their facility. Retailers TFG and Woolworths were also recognised for their continued support to the Cluster in 2016.



Sean Thistleton (centre, left image) and Peter Adams (centre, right image), received awards on behalf of retailers Woolworths and TFG respectively, in recognition of their support for the Cluster.



Bobby Fairlamb (centre) received the Lean Improvement Award on behalf of K-Way Manufacturers.

## **Thank you to the outgoing chairperson and welcome to the new chairperson**

The Executive Committee meeting on the 16<sup>th</sup> of May saw Bobby Fairlamb officially stepped down from his role as CCTC chairman. The Cluster would like to thank Bobby Fairlamb for his dedication in the role over the past four and a half years and is pleased to confirm that he will continue to serve as a member of the Executive Committee.

The Cluster would then like to welcome Marthie Raphael, CEO of PepClo and long-standing Executive Committee member, as its new elected chairperson. The Executive Committee and the facilitation team look forward to continuing the Cluster's journey under her stewardship.

## **Launch of the new CCTC website**

The Cluster launched its new website in April after an overhaul of both content and design. While the new look is expected to represent a more compelling marketing resource for the Cluster, an exciting new website feature that will be launched in the coming months is an online information portal that will serve as members' primary repository for past and current information relating to general Cluster activity (e.g. workshop presentations, training materials, Exco meeting minutes, etc.) and confidential firm-level information such as benchmark reports.

We urge all members to view and share the new website through the following link:

[www.capeclothingcluster.org.za](http://www.capeclothingcluster.org.za)

## **Clothing Manufacturing Industry Summit**

CCTC representatives attended and exhibited at the Clothing Manufacturing Industry Summit, organised by the National Bargaining Council for the Clothing Manufacturing Industry (NBC) and held in Durban on the 4<sup>th</sup> and 5<sup>th</sup> of April. The inaugural summit was a rare opportunity to get business, labour, government and other industry stakeholders together to discuss key issues affecting the development of the clothing manufacturing industry.

The primary focus of the summit was training and skills development, with speakers including Minister of High Education, Dr. Blade Nzimande, Minister of Trade and Industry, Dr. Rob Davies, and CEO of the FP&M SETA, Ms Felleng Yende.

Central to the summit was the unveiling of the NBC's Productivity and Training Institute (PTI), a platform to connect manufacturers of all sizes to a suite of available services, including benchmarking and performance diagnostics, training, advisory and research. The institute has also been tasked with overseeing the consolidation of training service providers, and to this end distributed a directory of accredited entities in print format, apparently soon to be launched online as well. According to the NBC, the launch of the PTI forms part of its transition towards fulfilling a visionary function that includes an industry developmental role in addition to wage negotiation and dispute resolution.

Minister Davies confirmed that the Industrial Policy Action Plan (IPAP) for the next two years was recently approved, and that the CTFL sector features prominently in the plan. The minister highlighted the perceived success of the CTCP and the need to build on it, including through the creation of more industry clusters and the establishment of tighter links with retailers. While he acknowledged the contentious nature of the discussion around fabric import duties, he stated that any resolution must work for the value chain as a whole and encouraged stakeholders to submit proposals with solutions.

Felleng Yende indicated that the FP&M SETA was not receiving grant applications from all levy-paying firms in the clothing sector and encouraged these firms to submit applications to fund their skills development needs.

Ms Yende also clarified that discretionary funding opportunities for innovative projects exist in addition to the disbursement of mandatory funding, with applications accepted all year round.

The culmination of the summit was an industry accord in the form of a 10 point plan encapsulating employer and labour commitments for the development of the industry. This included commitments to train 55 000 workers across the country over the next five years, address scarce skills to be identified through a PTI-conducted skills audit, a more effective training lay-off scheme and worker participation in skills development plans.



The joint CCTC and KZNCTC stand at the Summit

## **Innovation Workshop 1: The 4+4 Labour Shift Model**

The Innovation Workshop series aims to provide innovative solutions to key challenges being faced by Cluster members. The first workshop, hosted on the 3<sup>rd</sup> of May and presented by Dr. Justin Barnes, tested the concept of an alternative labour model that should allow firms to increase their capacity by an estimated 77% without reducing wage rates or increasing the average weekly hours worked per employee. This would naturally allow for a significantly improved return on investment relative to the traditional labour model widely employed in the industry, and thus potentially overcome a critical hurdle to achieving greater investment in the South African CTFL industry.

Manufacturing executives in attendance offered valuable feedback on both the potential merits and flaws of the model. Encouragingly, at least three manufacturers across the CCTC and KZNCTC have already committed to piloting the new model at their plants.

## Hosting of NCCC Best Practice Study Tour 2017

The CCTC hosted the Northern Cape Clothing Cluster's (NCCC) Best Practice Study Tour on the 7<sup>th</sup> and 8<sup>th</sup> of March where delegates participated in factory tours of four CCTC member firms. The host firms, selected for displaying particular elements of best practice, were K-Way Manufacturers, Bri-Clo, Genuine Connection and Linen Drawer. The tour provided practical learning opportunities for NCCC members and allowed host firms to exhibit the progress that has been made in recent years. We'd like to thank all of the host firms for putting in the time and effort to make this event a success.



NCCC Members engage in discussion with production and planning teams at Genuine Connection

## Your ideas

If you have any ideas for improvement or would like to get in touch, please contact us at:

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