



KZN CTC Bulletin 1st Quarter 2015

We are happy to introduce a new format for this, the first KZN CTC bulletin of 2015. We have redesigned it to allow you to either quickly scan stories of interest in your email inbox or to read the full articles on the KZN CTC website by clicking on the relevant link.

Please forward it on to colleagues who you think would benefit, or subscribe to receive the bulletin on a quarterly basis.

Articles in this quarter's bulletin are:

- [Quick Response Handbook launched](#)
- [KZN CTC BOOST SME Programme](#)
- [Industry News](#)
- [Upcoming Events \(March – May 2015\)](#)
- [Recent Events \(October 2014 – March 2015\)](#)

Quick Response Handbook launched

The Cape and KwaZulu-Natal Clothing and Textiles Clusters have worked extensively on the further development of the Quick Response (QR) retailing, and associated supply chain management and manufacturing model culminating in a publication *“The Quick and the Dead: A Guide to Quick Response CTFL Retailing in South Africa”*. It is available for all cluster members and sessions to guide firms through its use will be scheduled in the next few weeks. An extract focussed on the very specific steps that lead to the pivotal monthly capsule showing is highlighted below. This is a critical development in the QR model as it creates a set cycle and cadence to the QR process, which in turn stabilises the supply chain, enabling QR to be realised.

Monthly Open-To-Buy (OTB) management process

The figure overleaf outlines the manner in which the monthly OTB release cycle is managed on a monthly basis. The monthly cycle comprises of a set of weekly activities that lead up to a capsule release (or range offer) in the fourth week of the month. This is when the QR range is shown to the retailer. The retailer then has the option of sealing the order, requesting minor style changes, or rejecting the offer, following which the monthly OTB is released into a set of QR Purchase Orders (POs) against the chosen styles.

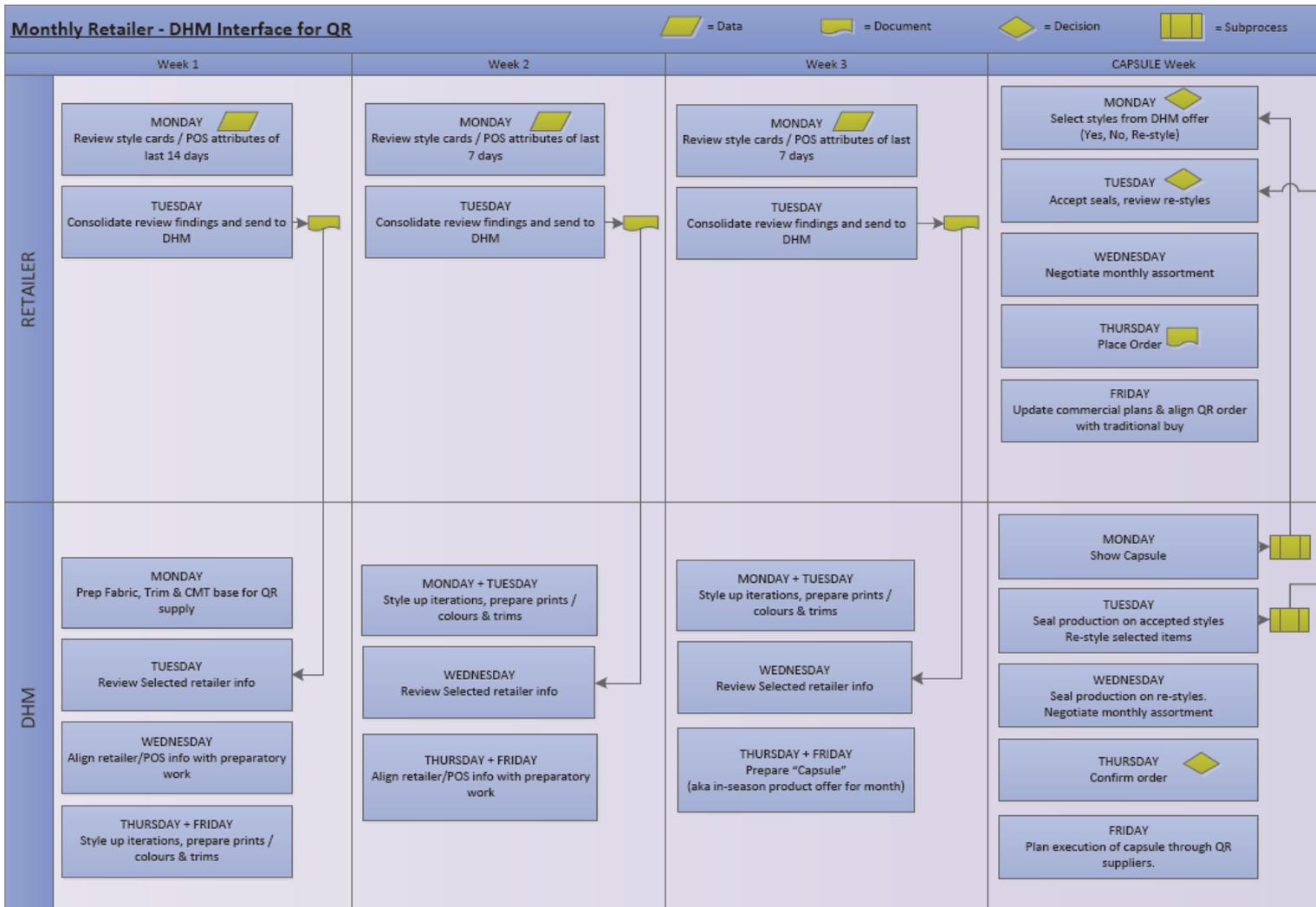
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TEL: +27 (0)31 764 6100
FAX: +27 (0)86 607 4510
EMAIL: KZNCTC@BMANALYSTS.COM
WEB: WWW.KZNCTC.ORG.ZA

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The set weekly cycle involves the following basic activities:

1. A retailer trading meeting, to review POS data, and associated style card successes and failures (and product attributes, e.g. colours, patterns, fabrics, silhouettes, trim details, etc.) – typically completed on a Monday to ensure the latest weekend store sales are factored into the POS review process.
2. The compilation of a comprehensive retailer trading meeting QR briefing note that details in-season trend direction, clear product winners, and information on long lead time product drops that are being delivered over the course of the next two months.
3. The transfer of this QR briefing note (and any physical garment samples) to the DHM partner, who then has their own weekly QR design meeting (typically on a Tuesday), to review the retailer QR briefing meeting note sent to them, along with any master samples. At this meeting the DHM merchandise team responsible for supplying the OTB at the retailer concerned will analyse the retailer's successes in relation to the fabric and trims prepared for the season they are responsible

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for, as well as the design blocks they have prepared, and the production capacity they have reserved for in-season trading. Based on this review process, the DHM will allocate its internal design resources to style up QR samples in preparation for the next weekly retailer QR briefing note (and any physical samples) and assess the appropriateness of their own designs being prepared for the monthly capsule review.

4. This weekly process is repeated in a consistent manner for every week of the month, bar the week in which the OTB is actually released. For this particular week the process changes fundamentally as the DHM now needs to present its QR capsule to the retailer. Based on the information provided to them over the course of the previous weeks by the retailer, and framed by the fabrics, trims, design blocks and production space prepared for the season, the DHM is responsible for presenting the most authentic, appropriately priced, and compelling QR capsule to the retailer that they possibly can. This capsule can contain a number of garments, ranging from direct repeats, to new colour ways and fabric pattern detail, to minor and major styling adjustments, including silhouette and fabric changes – but provided the reserved QR supply chain can actually deliver each and every one of the products presented to the retailer within six weeks from the raising of the QR PO, which takes place within the week. Further specific detail to successfully manage this capsule showing week is included in the Handbook.

KZN CTC BOOST SME Programme

The winner of 2014 KZN CTC BOOST SME Lean Implementation Award was Ray's Fashions. Raro Clothing and Always Young Fashions tied for second place. Significant improvements were made in these CMT's in areas including 5S, measurement, costing, financial management, quality assurance, and line balancing. Major outcomes included:

- Improved profit due to accurate costing and financial management, meaning that every order accepted by these CMTs is now profitable;
- New orders from retailers due to improved delivery reliability;
- Increased capacity to meet customer demand through better utilisation of space and line balancing, leading to increased sales, profit and employment.

At the end of 2014, a retailer and manufacturer tour was hosted at these three firms to showcase their improved capabilities. This tour was well attended by firms interested in identifying new suppliers. The tour proved effective for increasing the CMT's incentive to accelerate their improvement projects. Furthermore, the CMT's toured received new orders from some of the retailers who attended the tour.

In the pictures below, Jean from Rays Fashions is pictured explaining her production planning to the tour group. A newly installed production line made possible through an improved line layout and hence space utilisation is in the foreground. A Kaizen Projects poster also highlights the impact of improvement projects at Rays.

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Industry News

Several links below bring you interesting news articles, from retail developments to textile troubles in Nigeria. Click the headlines below to view the full story online. The first article exploring illegal fabric imports in Nigeria is certainly worth the read and highlights the need for our own customs to up their game.

MANUFACTURER NEWS

[How Chinese fake textiles put thousands on Nigeria's streets](#)

by Tom Burgis, 9 March 2015

Politicians are in the pockets of crime lords who have established a smuggling empire in Nigeria's border towns and gateway cities.

[Proposed merger between Edcon, Celrose and Eddels Shoes](#)

12 March 2015

The Competitions Commission has recommended to the Competition Tribunal (Tribunal) that the large merger whereby Edcon, intends to acquire Celrose and Eddels, be approved without conditions.

RETAILER NEWS

[Edcon on the brink after poor quarterlies](#)

by Ann Crotty, February 22 2015

EDCON's results for the third quarter to December reinforce analysts' views that the once high-flying clothing retailer requires a review of its present form.

[Foschini acquires Phase Eight](#)

by Reuters, 16 January 2015

The Foschini Group Ltd. agreed to buy U.K. clothing chain Phase Eight from TowerBrook Capital Partners LP, hastening the South African retailer's international expansion.

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[Foschini plans to expand across continent](#)

by Tiisetso Motsoeneng and Zandi Shabalala, 03 March 2015

The Foschini Group aims to almost triple the number of its stores across the rest of Africa over the next five years, its chief executive said on Tuesday.

[More Poco stores for Western Cape](#)

by Nick Hedley, 05 March 2015

Steinhoff plans to open Poco stores across the Western Cape before a country-wide roll-out of the German mass discount household goods chain.

[Truworths Profit Little Changed as South Africa Retail Stagnates](#)

by Janice Kew, 19 February 2015

Truworths International Ltd., the South African clothing chain that's been boosting its childrenswear through acquisition, said first-half profit was little changed as consumer spending remained sluggish.

[Woolies finds plenty in David Jones's locker](#)

by Ann Crotty, 15 February 2015

"Woolies will never again be the company it was," CEO Ian Moir told analysts at this week's results presentation. "It will be the Woolies of the future and quite a different group."

[Woolworths profit increases as South African food sales soar](#)

by Janice Kew, 12 February 2015

Woolworths Holdings Ltd., the South African food and clothing retailer which last year bought David Jones Ltd. of Australia for \$2 billion, said first-half profit climbed 9.3 percent as food sales grew faster than the market.

[Woolies warns on power cuts](#)

by Zeenat Moorad, 13 February 2015

Woolworths, whose 9.3% rise in first-half profit saw its shares surge more than 6% on Thursday warned that sales may be further hurt by load shedding. "The issue is that if you are in a mall and there is no lighting, it's going to have an impact ... people don't shop," Woolworths CEO Ian Moir said on Thursday at the presentation of the retailer's interim results.

[South Africa's retailers need to improve their online shops to remain competitive in 2015](#)

5 February 2015

A new study released by the South African Council of Shopping Centres (SACSC) has revealed that South African retailers generally did little to advance their sub-par online shopping offerings 2014, yet local consumers are increasingly integrating online and offline shopping methods.

[KZN Investment Hubs](#)

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The KwaZulu-Natal Industrial Economic Hubs Initiative, led by the KZN Department of Economic Development, Tourism and Environmental Affairs aims to promote socio-economic development, create more jobs and income sources, and promote exports and import substitution through establishing key industrial hubs in selected districts in KwaZulu-Natal.



Of particular interest to the KZN CTC is the proposed establishment of the clothing industrial hub in the Amajuba district (Newcastle) as well as the leather processing hub in uMgungundlovu district (Pietermaritzburg). The intention is to invest in building a large complex of buildings designed to attract businesses and foreign direct investment for that specific industry. Furthermore the intention is for the hub to provide serviced land at special rates, negotiated water and electricity rates, business incubation, trade facilitation, wage negotiations, training, research and development, funding, and special support measures.

A conference on these hubs occurred on 19 and 20 March 2015, more detail can be found at www.kznforum.com. We will share details from it in our next bulletin.

Upcoming Events (March - May 2015)

Date	Event
	Executive
21 April	Annual General Meeting Executive Committee Meeting
	World Class Manufacturing
16 & 23 April	Quick Response Training
May	Innovation Session 2 – Managing fabric quality
May	Madagascar International Benchmarks
	Small and Medium Enterprises
May	Training and factory visit
	Skills Development Programme
12 May	Durban TRACE Course Launch

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Recent Events (October 2014 – March 2015)

Date	Event
22 Oct	Executive Session: Textile Mapping Study
12 Nov	CMT Tour Boost Programme
18 March	Innovation Session 1 – Energy supply and load shedding

Your Ideas

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

The KZN CTC

031 764 6100 (office)

kznctc@bmanalysts.com

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