Productivity and social standards in the garment industry go hand in hand -

How low cost improvements can make a difference to both productivity and social standards

The case of Thiri Sandar Garment & General Trading Co-op Society Ltd., Yangon, Myanmar

QUICK FACTS

Founded:	**1994**
Number of employees:	**320**
Office Staff:	**7**
Production Workers:	**313**
Ownership:	**Myanmar**
Production Mode:	**CMP**
Product Range:	**Knit and woven garments**
Production Capacity:	**15,000 pieces per month**
Market:	**Korea, USA, Japan**

Thiri Sandar is a family business run by two passionate sisters. The company is based in Aung San Ward of Yangon and was set up by Ms. Htay Htay Aye with a focus on both, knit and woven garments. Thiri Sandar exported curtains and blankets for several years between 1994 and 2003 to Germany and also developed expertise in cut and sew knit garments over time. In recent years, Thiri Sandar produces mainly knit jersey garments and has expanded its expertise to make pleated and highly styled woven dresses in fabrics such as chiffons, linens, cottons and silks. It also offers very fine cotton and linen women wear fashion shirts for the Korean and Japanese markets. The company can work with smaller quantity and high styled orders of a minimum of 1000 pieces as well as with high volume basic styles.

Thiri Sandar participated in various trainings such as the SMART Myanmar Social Compliance Academy and other workshops of SMART Myanmar to improve their performance. They participated additionally in a study mission to Europe to visit relevant trade fairs, to get information on social compliance and gather knowledge on the change of production modes from CMP to FOB[1].

As part of the SMART Myanmar factory improvement program the company had eleven consultation visits by SMART Myanmar's **S**ustainable **C**onsumption and **P**roduction (SCP) team. In ten of the visits, the SCP team was supported by international textile experts covering various topics. There were 3 improvement measures which were particularly beneficial for Thiri Sandar, according to their own view.

OPTIMIZING PRODUCTIVITY

Installing middle line tables

Thiri Sandar could hardly reach the daily production output and lead time calculated by the customer. During regular working hours they reached around 80-85% of the output and the remaining balance to achieve 100 % had to be produced by working overtime.

[1] CMP – Cut Make Pack, FOB (Free on Board)

The efficiency suffered due to quality issues that needed to be re-worked. The profit decreased because the additional time necessary was not always considered in the calculation.

Production flow before and after middle table installation

BEFORE	SMART SUGGESTIONS	AFTER
Interrupted production flow, bottlenecks and limited space. Bundles cannot move properly and are spread all over getting dirty, thus leading to high re-work rate.	Rearrange the sewing lines by machine sequence setting to avoid bottle necks and add middle tables for proper production flow.	Smooth production flow, bottlenecks are eliminated and daily out-put has increased so customers lead time is met by 100% and even more.

INVESTMENTS		SAVINGS
Zero investment for the rearrangement of sewing lines. **25 US $** per line for middle tables.		By reaching customers lead time to 100% **no more overtime hours or additional manpower** is needed. The rate **of re-working reject pieces decreased by 60%.** Orders are profitable now.

EFFICIENT USE OF RESOURCES

Introducing containers for bundle movement

Since not all pieces with quality defects could be re-worked, a substantial percentage had to be rejected. Thiri Sandar had an approximate rejection rate in their raw material purchase of around 10% which is much higher than the international average of 1 – 3%.

Additionally, most of the pieces which had been re-worked needed to be cleaned with a high amount of water, cleaning supplies, other auxiliary equipment (e.g. racks, hangers) and extra manpower. According to Thiri Sandar these were around 70% of the daily out-put, especially with the bright colored garments.

A very positive side effect of the installation of the middle line tables was that it provided clean space for bundle

movement and eliminated bottlenecks. Garments are no longer on hold and spread around. For more protection especially for bright colored garments SMART advised to purchase storage containers for movement between various departments. Furthermore, regular housekeeping is a major factor to avoid garments get into contact with dirt and stains. SMART advised to implement a housekeeping shift schedule. To avoid production interruptions, these cleaning periods should be done during break times.

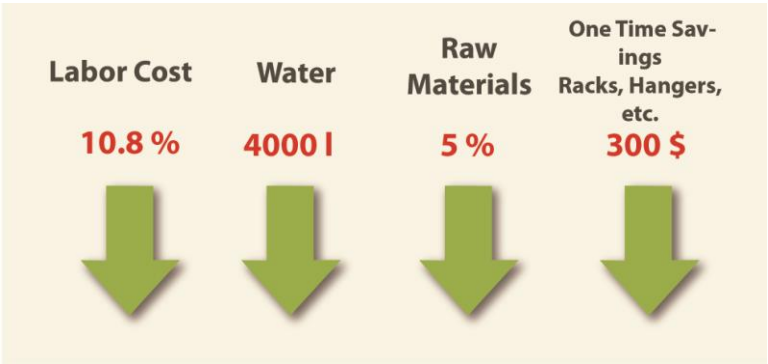
Clean work places, clean garments

BEFORE	SMART SUGGESTIONS	AFTER
70% rework / rejection rate.	Middle tables between twin lines (see Productivity).	10% rework / rejection rate.
10% additional raw material cost.	Containers for bundle move.	Only 5% additional raw material cost.
Bundles cannot move properly and are spread all over getting dirty, therewith high re-work rate.	Housekeeping schedule.	Less working hours and reduced consumption of raw materials and resources.

INVESTMENTS

100 US $ for all containers (bundle move)

SAVINGS (per month)

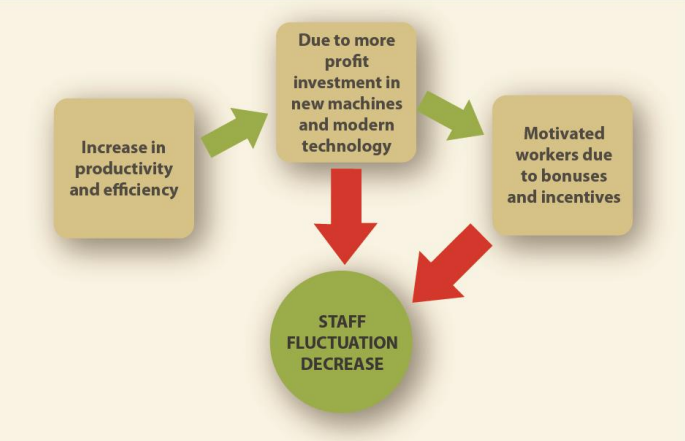


IMPROVING SOCIAL STANDARDS

Reducing staff fluctuation through productivity improvements

Labour fluctuation in the company was on average 25%. The management explained they assume the main reason for labour to leave is the nearby competition. Several nearby located factories offer higher wages, which attracts labour from all departments to leave the factory for just a small wage increase. The high labour fluctuation is costly, considering trainings periods for new labourers and capacity interruptions.

SMART Myanmar´s suggestions in productivity, efficiency and reduction of resources were implemented by the management within a short time. Workers could feel and see changes happening. A fresh breeze of innovation brightened up the atmosphere. Savings from implementing SMART´s suggestions led to more profit for the business, which allowed the management to invest in new machines and modern technology. Workers realized the cleaner work space and modern machinery was an investment from the management given to them. They appreciated the better working conditions and lost interest to join competitors offering slightly higher wages



The **fluctuation decreased from November 2014 till February 2015 from 25% down to 5%.** As bonus on top, the management provided 1 hour extra wages if daily output was reached without over time and one extra company outing day per year.

"Smart Myanmar project is very beneficial for our industry. We look forward to further technical help. We benefitted very much from the suggestions and methods to improve our overall function of the factory."

Comment from Dr. Win Kyi,
President of Thiri Sandar