

Experience in managing an integrated textile chain

"Organic cotton - combining consumer's concern and poverty reduction", 30.11.2005

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Introduction

Remei AG is convinced that the integrated textile chain can bring about positive changes in international trade, opening the door for new production and supply systems. By integrated textile chain we mean a coordinated network of textile producers and retailers from various countries, working together as partners. They cooperate closely and with a long-term focus, sharing values and a common vision. Therefore integrating the textile chain has been Remei AG's objective since 1987. In the late 80's we began integrating our direct suppliers and customers, i.e. cotton yarn producers (spinning mills) and textile manufacturers. In 1991 and 1994, with the establishment of the bioRe® organic cotton projects, we managed to integrate the agriculture. At this point we realised that the integrated textile chain is a key to improving farmers' living conditions. From 1995 onwards – that is exactly 10 years ago – we started integrating the retail, our first retail partner being Coop (Switzerland). From then on we had a fully integrated textile chain and started realising its full potential for sustainable development.

My topic today is the lessons we have learnt from our integrated bioRe® chain over the past 10 years. I would like to present 6 aspects of our work, stressing the ways in which the bioRe® chain differs from conventional supply chains and the open questions that we are still facing.

Lessons learnt in managing an integrated textile chain

1. Retail

Retailers – initially Coop (Switzerland), followed by Coop (Italy) and Monoprix (France) – have opened up space for bioRe® products in their shops. Thanks to their commitment farmers have a secure market access – a sustainable outlet for their cotton and consequently economic security. Such partnerships with retailers are unique in the textile industry and have proven to be a right approach as they promote and sustain development. Today retailer are having success with these products. In part this is because they can source the goods under conditions comparable with – or even better than – those of the best conventional sources.

2. Product

One of the main conditions for the success of the chain is an excellent product quality – obviously. At the same time not everything can be produced and feasibility studies are required before every new product launch. Long periods of product development and the integration of new partners in the chain are big challenges – it is not so easy to become a partner and we are not used to the kind of cooperation, coordination and mutual consideration that partnership requires.

3. Industry

For an integrated textile chain to function, several innovations and adjustments are necessary in the industrial processing:

1. Standard: To facilitate processing, the industry insists on mixing the best raw materials.

New: In an integrated chain, the industry has to manage with the available raw material.

2. Standard: To avoid risks, no stocks are kept.

New: To secure short-term deliveries to partners stocks have to be installed at every crucial point. Who should manage these stocks?

3. Standard: Low purchase prices and maximising one's own margins are the priority.

New: Price, ecology and social compliance have to be balanced out. Norms become crucial.

4. Standard: To achieve a levelled production throughout the year, suppliers and customers may vary.

New: In an integrated chain partners are not exchangeable and have to cooperate. Success can only be common and shared.

5. Standard: Innovation is for one's own benefit.

New: Innovation is required to strengthen one's partners. Innovation has to make the whole chain strong because the chain is only as strong as the weakest point. Therefore every partner is asked to work hard on innovations – in favour of all the others. Innovation becomes a must.

6. Standard: Norms are there to secure communication and comparison.

New: Every partner has to fulfil all the norms. If he does not he jeopardizes the entire chain.

7. Standard: Social norms are not easy to fulfil and have to be complied with fully. Norms are a corset to social processes and can hinder individual development.

New: How can we support social processes and the development of individuals in spite of the norms? Is the social question only our (European) concern or can the concerned take up responsibility (develop a sense of ownership for the social question)? Are norms sufficiently culture sensitive? How can we promote local cultural development and be in conformity with official norms?

8. Standard: Working in partnerships is a new challenge, it is a modern way. Its advantages include rationalisation, fulfilling customer needs with higher accuracy and speed, reduced transport costs and reduced risks (including financial and innovation-related risks).

New: Partnerships mean an integrated chain where all the partners are willing to support each other, to work in favour of each other.

4. Agriculture

In agriculture the new challenge is to integrate the farming community into the textile chain. If we succeed to integrate farmers many of their problems can be solved. The integrated textile chain proves to be a development tool and enables organic farming, which contributes to poverty alleviation. However the rigidity of organic farming norms requires heavy controls and leaves little room for trust. What about poorer farmers, how can we support them?

As the FiBL study shows, training and education are crucial. Training also helps to create a common understanding and a common vision, on the basis of which local capital can be built up. Our strategy will focus heavily on training and education, and thanks to Coop we were able to create two training centres, one in India and one in Tanzania. We will have to increase farmers' education, but a more local, less westernised approach is necessary. In addition we will:

- service alternative crops (soya beans, wheat),
- create more space for community building and
- build capital with a longer focus.

We will also have to accept longer lead time to fulfil our aims.

5. Financement

In Tanzania as in India financing projects with local means is close to impossible due to banks' security requirements, high interest rates and the immediate taxation of capital creation.

New: The partners in the chain finance the crops. They take responsibility that profits remain in the producing countries and that local capital is created.

6. Social

Full social compliance is about to be achieved as close to 80% of the textile industry working for bioRe® is SA 8000 certified. However, if the norms are fulfilled where are the hearts? Would it still be SA 8000 if we left? The answer can only be the textile chain.

Continuous social work is needed and difficult sectors have to be included not excluded if we are to solve any social problems. For social life to improve, the environment has to change and farmers' financial vulnerability has to decrease.

As a commercial body, as an industrialist, we have a key in our hands, which is the key to the economy, the key product. Partners can organise around the product and take up responsibility.

The interest of the retail, the interest of the consumer at the end of the process, gives us the strength to continue on this line.

Conclusion

An integrated chain offers many advantages. Within such a chain many unsolved problems can be solved:

- The integrated chain is transparent and gives room for responsibility and development. It shows also where development is not taking place and requires corrective action.
- The weakest part of the chain is the crucial one. Everyone has to fulfil its responsibility towards its natural and social environment for the totality of the chain.
- The integrated chain is a key to rationalisation and offers new horizons. Because it calls for common sense, it integrates also the farming community.
- The integrated chain respects each other and therefore respects mankind and nature.
- Partnership means sharing work and a good price is an expression of the relation between the partners.

Managing an integrated chain is not easy and requires a new approach, whose main focus is always to work towards strengthening the partner. Only if we manage to involve every production partner can we link throughout the world the different capabilities and needs. Today we may not yet be fulfilling all the conditions of an integrated chain, but development is what matters.

So far our vision remains the same: "High quality garments, self-evidently environmentally and socially responsible, and therefore made of organic cotton."