

# Alliance Fashion and Manufacturing Toolkit

## Manufacturers Edition

Helping to make production management  
easier for fashion designers and manufacturers

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# Alliance Fashion and Manufacturing Toolkit

## Introduction

The UK fashion industry is one of the leading industries within the UK economy, which in 2009 directly generated £6.6 billion of GVA.<sup>1</sup> Within this sector, the high-end designer fashion sector is thriving. It is highly influential across the entire industry, pushing the boundaries of what fashion is today.

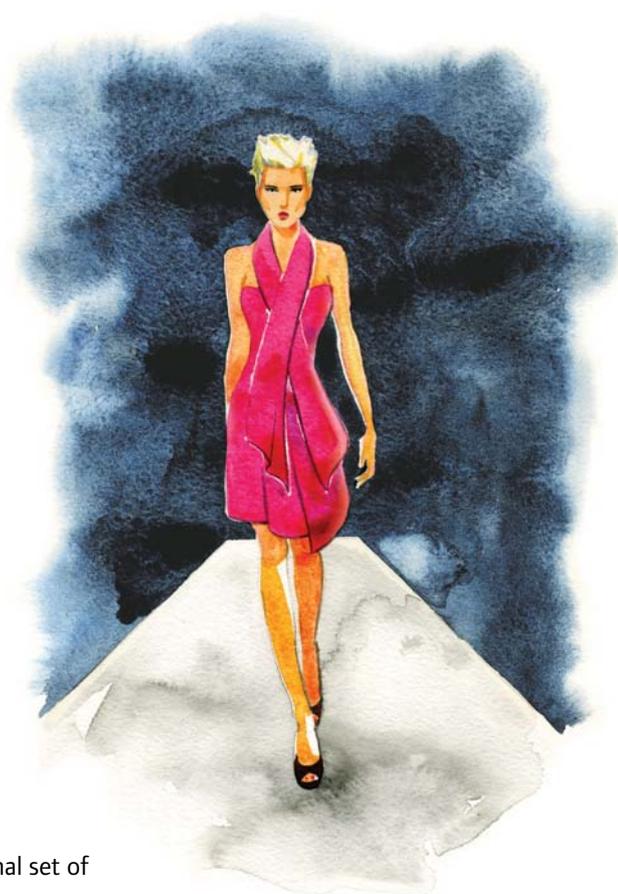
Alongside the high-end designer businesses, the UK has maintained a small specialist and highly skilled manufacturing presence, completing the innovative high-end supply chain which should be credited, supported and celebrated.

The Fashion Alliance is supporting both the high-end designers and manufactures in this supply chain through two sets of Toolkits that have come about through focused engagement, research and collaboration with the sector.

### Manufacturers

The other Toolkit is aimed at the specialist high-end manufacturers and addresses issues key issues relevant to their businesses including growth and productivity.

Common to both sets of Toolkits is a recommended Code Of Practice which the Fashion Alliance hope the sector will adopt. It will provide manufacturers and designers with a two-way assurance that both will adhere to a professional set of standards and working practises.



## Disclaimer

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1. 'The Value of the UK Fashion Industry' report; Oxford Economics/British Fashion Council; September 2010.



# Marketing strategy for manufacturers

## How to market production services to engage with clients and increase turnover

Demand for high-end fashion manufacturing in the UK far exceeds the supply. In many cases designers are desperate to find new manufacturers – particularly as their businesses grow and they move into new product areas or additional Pre-Collections.

We recommend that you capitalise on this demand and become more pro-active in your marketing activities. This will enable the designers to find you and learn about your speciality. You can secure more business which should make you more efficient, particularly if achieved during quieter periods of the year.

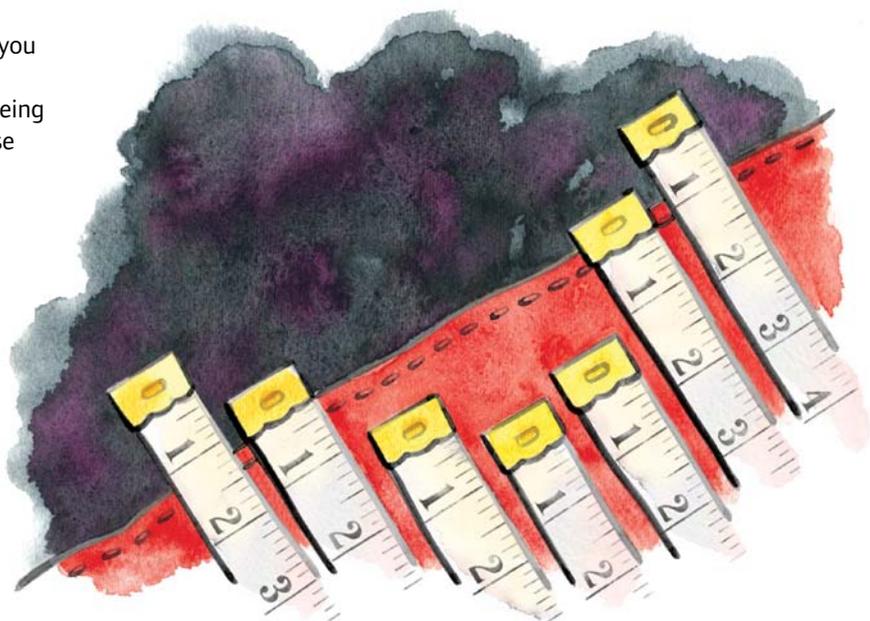
Marketing is a key component of any business plan. It ensures that proactive steps are in place to maintain market presence and retain existing clients, and also assists a business to attract new clients.

We recommend that you review all aspects of how you market your business, identify and then ultimately engage with your clients. Assess whether you are being effective in promoting your current area of expertise and finding new business.

Key marketing activities you should consider include:

1. Branding and communications.
2. Market research.
3. Networking.
4. Database listings.
5. Digital marketing.
6. Website.
7. Workspace environment.
8. Fashion Alliance – Code of Practise.

This Toolkit provides useful advice on each of these areas.



## Marketing plan

As a starting point we recommend that you develop a marketing plan which will help you to understand what your business needs and how you can achieve this through communications and marketing. The different areas in this toolkit will help you to write it – once completed you can include it in your Business Plan.

At the very least your marketing plan should include:

- Marketing objectives: what types of new business do you want and how much?
- Marketing activities: what are the most effective ways to market your business?
- Budget: what is needed? And what can you afford?
- Implementation: who will do your marketing for you, and deal with the new business enquiries?
- Measuring effectiveness: it is essential that you know if your plan and efforts have been successful. How will you do this?

There are general marketing templates available on the internet and Business Link also provide support in this area [www.businesslink.gov.uk/bdotg/action/layer?topicId=1073869186](http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1073869186)

## Resource implications

It is important that you consider from the outset, how you are going to manage any additional increase in communications activities or direct enquiries that you receive as a result of your additional marketing efforts.

For example, a website will need to be regularly updated, which is why it is important to build a site that can be managed internally. You should consider what systems need to be in place so that enquiries can be filtered, and then dealt with appropriately and quickly. Make sure you know who will be the main point of contact, and who will manage and deal with requests, and keep your website up to date.

## Key marketing activities

### 1. Branding and communications

Alongside your website, your brand should be one of your key marketing tools. It is likely that you will already have a logo, but may not have thought about consistent representation of the logo on all your communication material (including both electronic and printed). Your logo represents your brand, and it is intrinsically linked to every part of your business, and included in all parts of your communication process with clients, suppliers and your team. They will know your company name, but you should want it to become more familiar and visible at every opportunity. You might already have some company rules about where your logo is placed, but it's a good idea to follow this through onto every piece of printed and visual material. Develop and agree your own set of brand

usage guidelines and write them down – you don't need to pay an agency to develop them. The guidelines would typically include:

- Brand (logo) colours.
- Preferred fonts for the full range of communication needs (electronic, advertising, website, stationary etc.).
- How the logo should be used and its place on the page or screen (e.g. always at the top left hand corner).
- Advertising templates for job ads (even if they are just for your premises' door, or the Job Centre).
- Other unique and opportunistic places the logo might appear, e.g. on patterns and blocks, on delivery labels, bags and anywhere else where the logo can be seen.

## 2. Digital marketing – website

Most designers use the internet for all their research – so if you don't have a presence on the web how will they find you? Some manufacturers still don't have a website. Those that do, often fail to update it regularly enough or fail to give an accurate picture of what they do. Opportunities can be lost if your specialist skills are not featured. Clarification of what your company does and specialises in will help to build trust and client following and help with establishing plans for growth.

### Reasons why a manufacturer needs a website

We know that there are quite a few high-end manufacturers who do not have a website. Some are growing their businesses and wish to expand further into specialist services which they see as unique in the sector. These manufacturers will need to seek out new clients and possibly also secure funding to support their growth. Having a website can:

- Promote the high quality workmanship and specialist skills.
- Attract new customers.
- Improve a business's credibility with a bank or investor.

However, we would urge you to carry out a realistic assessment of your capacity to accept new business. If you increase your marketing activity to include online, it is inevitable that a wide audience of new customers will be reached, and you will need to be able to cope with the demand. You also need to identify the manpower needed to respond to web enquiries, make minor content updates and manage incoming new business.

### Reviewing your existing website

If you already have a website, we recommend you review it to ensure it is delivering the right message and achieving the results you need from it. We suggest you review it against the following criteria. The website should:

- Make your site easy to find. Get advice about search engine optimisation; what are the keywords your clients would use to search for you – have you included these in your site? Get advice about how to get your site on the first page of Google listings.
- Make the site 'sticky'. This means that once you've got a visitor onto your site, that they stay on the site. Your site needs to have an engaging design and be user friendly which encourages visitors to investigate – if a visitor cannot find what they're looking for in ten seconds, you may lose them.
- Make sure site design reflects the aesthetic of the level of the market place you are working in: high-end and luxury.

- Provide clear, concise website text (copy) that illustrates your specialist skills and equipment – be sure to use headings and bullet points for easy scanning.
- Include testimonials from clients – which builds a level of trust.
- Include easy to find contact details.
- Make your site worthy of a return visit from your prospective clients. Ways to do this include news stories, events, blog posts, video embeds and galleries updated regularly Network – build your sites visibility and incoming links by posting to related sites and blogs (particularly key influencers in your sector).
- For more advanced sites – you could eventually make it easy for visitors to share your site pages by liking, tweeting and sharing through content aggregators.

### Reasons why a manufacturer needs to periodically review their website

It is useful to periodically review your website. It can uncover a number of missed opportunities. We know of one manufacturer who received 2,000-3,000 visitors per month, and up to 50 enquiries each day. Most of these enquiries were being ignored as they were not relevant to the business. In this case it meant that the content of the website must be wrong for it to generate so many enquiries which did not convert into actual business. It could be that it didn't focus on the areas where the company would like to expand; or maybe its aesthetic reflects the mass middle-market, and not the high-end.

### New website development plan

If you need to develop a new website, we recommend you follow this nine step plan. It is essential to consider equally the content, design and functionality so that this marketing opportunity is maximised.

Step	Action
1	Create marketing plan/objectives for new business – be clear why you want to develop a website, and what types of business you want the site to generate.
2	Define how the website will support your overall brand identity and consistency, e.g. where will the logo be positioned?; what font types and colours?
3	Plan of daily web management and response to new business – you might get as many as 50 enquiries a day. Consider how you will filter these, and deal with them efficiently.
4	Agree the budget you have available to develop the website, and then maintain it – this will need to be reviewed at a later date once costs increase, as you become aware of additional functionality you might want to include in the technical brief.
5	Scope out your needs for your website and internet/service provider – it should include a creative brief, as well as a content brief. The creative brief will include identifying websites you like the look and feel of and which you think work well. The content brief will include the key information and imagery you want to use, which will be at the very least: (i) about you (ii) your key services, skills and equipment (iii) your clients and any imagery you are allowed to use (iv) contact details. Keep it simple!
6	Identify and research suitable an effective web company and provider. Compare estimates, agree a quote, and a timeline – you can find these by checking reputable supplier directories (such as e-consultancy), talking with owners of sites that you like (most web company business is through recommendations), and looking at credits on websites you like.
7	Collect all the content for the website, so that it highlights your best work/specialisms – use images (with permission), collect testimonials and write copy (keep it succinct).
8	Get feedback on the website before it is finalised, from someone whose professional opinion you trust – use the criteria we've listed for reviewing existing websites as your guide.
9	Ensure the website is fully-optimised with the various search engines – you web designer will be able to advise you on this.

Further useful guidance on website development and optimisation can be found on the Business Link website. To look at options for web development: [www.businesslink.gov.uk/bdotg/action/layer?lang=en&r.l1=1073861197&r.s=tl&topicId=1074448623](http://www.businesslink.gov.uk/bdotg/action/layer?lang=en&r.l1=1073861197&r.s=tl&topicId=1074448623)

### 3. Database listings

In order to ensure that people can find your website, get your company listed on as many of the relevant internet business listings as possible. Many are free.

A dedicated site for high-end fashion manufacturing is the Fashion Alliance database of high-end manufacturers, which is part of the UKFT's Let Make It Here database. Its advantage is that it has product type, volume and regional search functionalities; and it is free to be listed, and free to search:

[www.ukft.org/letsmakeithere/index.php](http://www.ukft.org/letsmakeithere/index.php)

[www.fashionalliance.co.uk/index\\_search.php](http://www.fashionalliance.co.uk/index_search.php)

### 4. Market research

Once you have a good presence and people can easily find you and see what your specialist skills are, you can start to increase your customer base through some simple market research for UK clients. The sector is well supported by trade associations and business support projects, representing many of the designers you would wish to target. Moreover, the designers are very receptive to being contacted by manufacturers who have done their research, and are making a direct approach. It is surprising how many bigger UK designer brands are looking for sample makers – whether for collection or salesman samples. Don't be put off by the size of the company – contact them and let them know what you do. Larger companies often want UK based companies to carry out various tasks for them.

Review the London Fashion Week (LFW) website where you can download the contact details for all the designers who show at LFW. Use this list to email where you can, or phone your selected target customers. [www.londonfashionweek.co.uk/designers.aspx](http://www.londonfashionweek.co.uk/designers.aspx)

Also review the UKFT Association annual membership book [www.ukft.org](http://www.ukft.org)

Further research via the specialist fashion PR agency websites will also be useful. You can find the names of these agencies by looking for the press contacts for some of the LFW designers. You can then visit their websites and see which other designers they represent. Also go through the current fashion magazines – Vogue, Elle etc. – and make notes of any British designer whose product fits with your skills. Use the internet to get their contact details.

### 5. Networking

Networking and word of mouth marketing should not be under-valued. Alongside the marketing and wholesale selling activities taking part at LFW, a lot of business opportunities develop through networking, so join in. Try to make time to attend at least one of the shows of your clients. You will see familiar faces and get introductions.

Contact the managers of London's fashion business support schemes to introduce your factory and make sure they know of you, and offer to come to one of their designer networking events which happen regularly throughout the season. Use the contact details from the British Fashion Council's Business Support Network to identify the relevant support schemes: [www.britishfashioncouncil.com/bsn.aspx](http://www.britishfashioncouncil.com/bsn.aspx)

## 6. Digital marketing/social media – other opportunities

The internet has opened up a wide range of new marketing opportunities. Your client group is very internet savvy, and used to researching and shopping online, so you need to engage with digital media in order to find them. Here are some examples of different options and sites that can help you with building up your profile and reaching your target market.

### Marketing by email

Create an interesting marketing email which stresses the things that might set you apart from your competitors, e.g. services offered, any special machinery or processes that are hard to find. Find the name of the Production Manager at your target customers by phoning the company and send a personalised email introducing your services and updating them with your business developments.

### Facebook

Develop a brand page on Facebook, which would be distinct from a personal page, and could provide another useful shop window for your business. It should be used for recent images of impressive client work. Brand pages provide a useful way of building a network and database, and it will be important to maintain contact with any clients who contact you via this medium – either in comments on posts or on the wall.

### LinkedIn

Join LinkedIn. There's already a large audience of fashion designers on there, and these will become part of your network. There are discussion groups around topics such as UK Fashion Manufacturing which you can join in, and which will raise your visibility and authority on your subject. There are relevant groups on LinkedIn that may be a good source of information on the market.

Seek advice and support to manage social networks – there is no point in having them if they are not maintained – they should be kept relevant and up to date at all times.

## 7. Workspace environment

More could be done to improve your workspace to make it promote the quality and specialisms of your business. Key things you could consider include:

- Visibility of your logo.
- Feature your clients' lookbooks and product images on your walls.
- Have samples always available to show new clients your workmanship.
- Keep your workspace as clean and clutter free as possible.

## 8. Fashion Alliance: Code of Practice

Sign up to the Fashion Alliance 'Code of Practice' for factories and designers:  
[www.fashionalliance.co.uk/alliance\\_pdfs/Code\\_of\\_practice.pdf](http://www.fashionalliance.co.uk/alliance_pdfs/Code_of_practice.pdf)

Let designers know through your website, that you are willing to work with them under the terms of this simple agreement. Designers will find comfort in the fact that you have the same interests as them and are willing to work through problems with them.

# Job Specification – Production Supervisor

This job specification has been developed to assist high-end manufacturing units, who are looking to appoint a suitably experienced person for the role of Production Supervisor, and who may not have access to a detailed job description on which to base the post.

The ideal candidate will be experienced and conversant with the high-end designer fashion sector.

Knowledge of factory procedures and the ability to anticipate and mitigate and potential problems is a pre-requisite. He/she will be fully experienced in the construction of high-end designer garments. He/she will also be fully conversant with hand and machine techniques that ensure accurate and well-finished garments with a high-end handwriting.

The overall requirement is for the Production Supervisor to maintain and improve the company's gross-profit margin by exercising good procedures throughout the whole production process.

The following list is a summary of the role:

## Communication

- Communicating all issues affecting production to the Manager/Director.
- In the Manager/Director's absence, communicating directly with the customer in a professional and efficient manner.
- Communicating production delays to Manager/Director.
- Experience of using any relevant computer software.

## Staffing recruitment and management

- Able to identify skill requirements for forthcoming production and communicate these to the Manager/Director.
- Must have interview skills to establish candidate suitability.
- Knowledge of skills and techniques required to enable quality production is a prerequisite.



- Monitoring timekeeping and attendance of workers.
- Carrying out disciplinary interviews according to the company's disciplinary policy.
- Able to communicate technical suggestions to workers to improve production.

### **Production**

- Aware of production bookings to ensure staff levels are optimised in advance of anticipated demand.
- Monitoring of sewing operations and constant control over quality.
- Recording of productivity by individual workers.
- Ensuring a smooth flow of work through the necessary processes.
- Communicating issues causing delays to the Manager/Director.

### **Pre-production**

- The ability to break down the garment into production processes is vital.
- These processes must then be matched to the individual staff members who are capable of carrying out that process.
- Pattern issues and fit/make problems to be communicated to the Manager/Director – with a solution where possible.
- Must have the experience and knowledge to foresee construction problems prior to production commencing.

### **Finishing**

- Ensuring garments go to pressing/finishing in time for customer delivery date.
- Monitoring pressing and garment presentation to maintain high-end reputation of the factory.

### **Troubleshooting**

- Ability to identify problems occurring during production to be communicated to Manager/Director – with a solution where possible.
- Ability to pre-empt lack of trimmings/components that could cause production delays to be notified to Manager/Director.

### **Despatch**

- Ensuring garments are available on the necessary day for customer despatch/collection.
- Packing and labelling requirements to be carried out to customers' wishes.

### **Machinery**

- All equipment to be maintained as specified by the manufacturer.
- Broken or damaged items to be repaired replaced as required.

- Equipment requirements, to improve rate or standard of production, to be communicated to Manager/Director.

### **Health and Safety**

- Up to date knowledge of current Health and Safety legislation.
- Ensuring all workers abide by legislation.
- Keeping the working areas clear of hazards.
- Notifying Manager/Director of dangerous/faulty equipment and any matters affecting workers' safety.

### **Waste reduction**

- All consumable components to be used sparingly.
- Stock of trimmings to be controlled and records kept.
- Electrical equipment to be turned off when not needed.
- Fabric waste to be recycled in accordance with company policy.

# Workspace checklist

The Alliance has created a workspace checklist. This checklist should be used when looking for new premises as it's sometimes hard to know what you are looking for.

Use it to ensure that you take into consideration the specific requirements that you will need for your new studio.

## Best Practice

- Use the checklist to create your own list of requirements that you definitely need and what would be useful when moving into a new location.

The next page shows the workspace checklist. It has been designed so that you can use it as many times as you like – simply make a photocopy of the checklist for every location that you go to view.



## Workspace checklist

Criteria	Manufacturer	Check
Location	Within ten minutes walk of tube station	
Neighbours	Because of poor networking, this hasn't been a consideration before, but should be a plus to be close to client base	
Lease	Growth is not so rapid, so lease length is not such an issue	
Rent	Cheap and fixed	
Environment	A clean shell which they can fit out to their own requirements is desirable	
Internal lighting	Natural day-light desirable, plus plenty of ceiling lights for a good working environment	
Height	High ceilings desirable for double garment hanging and other storage	
Secure property	Essential	
Inclusive insurance policy	Useful	
3 phase electricity	Useful	
External lighting	Essential because of a young and predominately female workforce	
Parking space	Useful	
Car/van loading/unloading space	Essential	
Lift if not ground floor	Essential	
Kitchen facilities	Essential	
Ventilation	Essential	
Small manufacturer (less than £250,000 p.a.) called 'studios', 'ateliers' or 'sampling units', usually employ up to five staff plus freelancers	We estimate that 25 per cent might grow to this size	
Medium manufacturer (£250k to £1 million p.a.) called 'factory for high-end' can employ 6-10 staff plus freelancers	We estimate 40 per cent of high-end production units are this size	
Larger high-end	We estimate 40 per cent of high-end production units are this size	

# Operating a profitable manufacturing business

Most of the high-end manufacturing units we have visited, have been set up by highly skilled practitioners who have a solid foundation and knowledge of the garment making industry. Many are masters in pattern cutting and making-up, and have had to learn quickly how to manage and grow their business. We have prepared this Toolkit to give you some advice and guidance on growing your business and making it more profitable.

## 1. Management planning

A profitable high-end manufacturing business is one that:

- Is well organised with careful work planning systems.
- Offers a consistent level of high quality service to its customers.
- Has accurate budgeting and financial management systems.

To achieve and maintain this position, we recommend you set up a Management Planning system, or if you are already using one, to periodically review it to ensure optimum results. A simple system works best (e.g. using an Excel spreadsheet). In order to accurately track your businesses performance, the Management Planning system should include up-to-date information on work in progress and in the pipeline, the quality, sales, stock inventories, machinery assessments, Health and Safety, and status of the accounts.

To maintain a high level of profitability you should ideally be working at maximum efficiency. We found that many manufacturing unit managers think they are trading more profitably, than they are, and do not realise that they could be working more efficiently. Greater efficiency comes from assessing how much more work you can take on, and/or how you can improve your existing processes – without increasing your fixed costs. For a high-end manufacturing unit, fixed costs will usually be all costs excluding additional seasonal freelance staff.



## Commonplace reasons for inefficiencies within a manufacturing unit

Common issues	Possible inefficiency caused
Poor quality control systems	With poor quality control systems more time is spent correcting faults which can turn a job from profit making to loss making
Poor investment in appropriate machinery	By not investing in new and appropriate machinery this can affect quality and speed of production (old machines), and can limit new business opportunities you could be exploring (additional functionality)
Inadequately maintained machinery	Poorly maintained machines can affect quality and speed of production
Poorly trained staff	Without proper training on machines or in the business processes staff quality and speed of production tends to be lower
Poor layout of workspace	Can create cramped conditions which can affect quality and speed
Poor budgeting techniques and financial practises	Without a clear financial picture you could be in a situation where overall profits may not be as strong as originally forecast, and your cashflow may be strained
Ill-informed costing and pricing structures	Ill-informed or outdated costing and price points can affect how much profit you are able to make on particular productions. These can become out-dated if you are not regularly assessing the costs of production vs price
Inefficient purchasing of variable overheads such as components and materials, power/utilities	These costs vary from supplier to supplier. Without researching into different overhead costs you could be paying too much, not realising that huge savings can be made

The next sections guide you through the minimum planning you should be doing if you want to make your business more profitable.

Advice and guidance is given on:

- Budgeting and financial management.
- Calculating standard costs per unit.
- Opportunities.

## 2. Budgeting and financial management

Manufacturing units like other businesses need careful budgeting and financial management systems. In addition to an accountant and bookkeeper, we also suggest that it is vital for you to forecast your income and expenditure profile for the current and next two years. If you are not already doing this, below is an outline that will help you to develop your forecasts across expenditure, income, profit and loss and cashflow.

### Expenditure

Within your business you have three main cost areas:

**Production/additional services** – these are the costs of your machinery and any consumables which you provide as part of your service and running your business. It can include threads, needles and calico. It is worth reviewing last year's costs to be able to plan for next year. You may be surprised when realising that you spend several hundred pounds each month on specialist needles or machinery servicing. With this information, you can

make informed decisions about replacing a machine which takes universal needles, or taking on a better value machinery service contract.

**Staff costs** – these tend to be you and your permanent staff, plus any freelancers. Many units employ freelancers on a year-round basis, and these should be included in your ‘fixed costs’. Any freelancers which you contract on a short-term basis during the peaks in your business need to be classified as ‘variable costs’. Identifying what is a ‘fixed cost’ and what is a ‘variable cost’ is useful when you need to review your costing and pricing methodology.

**Operational costs** – includes everything else needed to run your business professionally.

**Expenditure template** – To help you understand your yearly expenditure and to forecast future expenditure we recommend you use the headings in the table below, and if you haven’t previously allocated budget to any of the categories we have listed, we urge you to do so. For instance, not all manufacturers set marketing budgets (see Alliance Toolkit on Marketing) but this can be an important part of growing your business. Also after crunching the figures, consider where savings could be made. If you shopped around could you find a lower rent, or cheaper insurance policy?

**Example table to use to set out last year’s actual, this current year and forecast years’ expenditure**

	2010/11	2011/12	2012/13	2013/14
<b>Production/services</b>				
Machinery (servicing and investment)				
Consumables (threads, needles, calico)				
<b>Total production/services costs</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>
<b>Staff costs</b>				
Director salary				
Employee wage bill				
PAYE & NICs (@12 per cent)				
Seasonal freelance monthly bill				
<b>Total staff costs</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>
<b>Other operational costs</b>				
Rent and rates				
Utilities				
Telephone and internet				
Stationery + printing + software				
Training				
Marketing				
Travel				
Accountancy fees				
Legal and professional fees				
Insurance				
Bank and financing charges				
Bad debts/write-offs				
<b>Total operational costs</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>
<b>Total EXPENDITURE</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>

## Income

In addition to the expenditure profile, you should prepare an income analysis and forecast. It is best to record income against each different service you offer, and to then total this up. We recommend you use a table similar to the one below.

### Example table to use to out last year's actual, this current year and forecast years' income

	2010/11	2011/12	2012/13	2013/14
Sampling				
Production				
Grading				
Pattern cutting				
Other				
<b>Total INCOME</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>

## Profit and loss calculation

With your expenditure and income figures you can now calculate your annual profit and loss. It will be easier and better informed. You can forecast it with a simple table as illustrated below. If you are planning to expand your business, these forecasts will illustrate any funding gap you might have which could be met through building up your company reserves or a bank loan; or through improved efficiencies of your business to enable you to take on more work without increasing your fixed costs, and therefore increasing profitability.

	2010/11	2011/12	2012/13	2013/14
Total INCOME				
Total EXPENDITURE				
<b>Profit/loss</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>	<b>£ X</b>

**Tip:** As you develop your management planning systems, it is a good idea to also analyse income and expenditure across each of your service areas. You will then get a realistic picture of how profitable production is, vs your sampling, pattern cutting or grading services.

## Cashflow forecasting

In addition to looking at the yearly totals for expenditure and income we strongly recommend that you also forecast your cashflow, showing monthly income and expenditure and how this affects your bank balance. Ideally, you should do this with your accountant or bookkeeper, using accountancy software. Use the income and expenditure headings already given above and insert figures on a cash account basis, e.g. showing the month when your money is going to actually leave or enter your bank account. Add in additional lines showing what VAT you forecast is going to be charged out to clients, and also claimed back from HMRC.

You should forecast over at least a 12 month period. It will identify if there are any short-term funding gaps during quiet periods, when new business needs to be secured, and/or additional financing options may need to be considered. This is crucial for manufacturing units that suffer from the peaks and troughs of the fashion season and need to ensure that they have enough cash flow to keep them going through quiet periods.

### Workflow pipeline

It is essential that you manage your pipeline of work, to ensure that you have a continuous flow of production over the coming months. You should keep track of non-accounting information that can be used as a Key Predictive Indicator of what will happen for the business, for example:

- The number of quotes in a day/week/month (whatever is most relevant).
- The conversion rates of quotes into actual work.
- The time lag between a quote and the job taking place.
- The value of quotes.

By recording data and statistics like these, it will be much easier for you to predict future changes. For example, if the number of quotes, the conversion rate, or the value of the quotes starts declining, this may indicate an issue that you need to identify. Alternatively, if the statistics start increasing, then it may show that you need additional space, machinery, or staff.

## 3. Calculating standard costs per unit

Manufacturing companies in the high-end sector often offer a range of bespoke services, and need to be quick to respond to clients with prices for the work being commissioned. Understanding your costs and calculating your cost per unit is essential in the running of a profitable business.

For the high-end sector, where there are a lot of bespoke services particularly at the sampling stages and ancillary services such as pattern cutting and grading, this would be the cost per hour per employee (their salary + an hourly overheads figure). It is generally an average cost for the service under normal conditions and one way of calculating this figure (or indeed testing your current costing calculations) is to use the following methodology.

**Step 1:** Calculate the total fixed annual costs of your business using the example expenditure table provided earlier.

Fixed cost expenditure items	Total annual costs*
Total annual production and service costs =	£X
Total staff costs (this will include you and any of your fixed overhead staff; exclude any seasonal freelancers you employ during peak periods) =	£X
Total operational costs =	£X
<b>Total fixed annual costs</b>	<b>£X</b>

\* These figures need to be net of VAT if you are VAT registered

**Step 2:** Calculate how many hours your staff (fixed overhead) work each week.

Insert into the following table all the staff members, and show how many days per week and hours per week they work.

You should exclude yourself from this calculation, as you are not likely to be 'doing' – you are managing. Also exclude the seasonal freelancers you employ during peak periods,

Staff	Days per week	Hours per week
Staff 1	5	37.5
Staff 2	5	37.5
Staff 3	5	37.5
Staff 4	5	37.5
Staff 5	3	22.5
Staff 6	3	22.5
Freelancer 1	2	15
Freelancer 2	2	15
<b>Total hours p.wk</b>		<b>225 hours</b>

*The table is for illustration purposes – it uses a business employing four staff full-time, 2 staff 3 days each a week, and 2 freelancers 2 days each a week. We are also suggesting a 7.5 hour day.*

**Step 3:** Calculate how many staff hours your staff (fixed overhead) work per year.

This calculation should take into consideration any individual holidays, public holiday and sick days off. This calculation needs to be a realistic assessment of actual days worked.

There are 52 weeks a year, but most staff get between four and five weeks annual leave. They are also entitled to 11 bank holiday days off each year. Plus there are absences from sickness to consider. So calculations are best done on a 44 working week year. Therefore multiply the total hours calculated in Step 2 by 44 weeks.

Total hours per week =	225
Realistic number of weeks worked each year =	44
<b>Total number of staff hours per year</b>	<b>9,900</b>

**Step 4:** Calculate the 'cost' per hour for anyone in your company (excluding you or any short-term freelancers)

Take Step 1 which has provided you of annual business costs and divide this by Step 3 which has informed you of how many hours your team can realistically work during the year. This will give you the 'cost' per hour for staff in your company.

The following illustration is based on the staff team described in Step 2, and an estimated annual expenditure of £133,650.

(A) Total fixed annual costs =	£133,650
(B) Total number of staff hours per year =	9,900
<b>Cost per hour (divide A by B)</b>	<b>£13.50</b>

## Simple errors to avoid

1. Some companies divide all their business costs by all the working days of the year – this is not a realistic expectation of their staff. Some also exclude the Manager from the business costs. Note – all fixed costs MUST be included in these costing calculations. The Manager should only be excluded from the hours calculation.
2. Always allow time to regularly review your pricing structure, even during a growth period. You might be charging a standard hourly rate based on what you know is being charged elsewhere in the sector. But you need to know whether this is realistic for your business. If better informed, you could make decisions on whether to make pricing adjustments depending.

## Pricing

How you arrive at a selling price is an individual judgement, and is very much down to supply and demand. You can mark-up by higher margins for 24 hour turnarounds, or bespoke services including made-to-measure work, sampling and pattern cutting. The mark-up on production should be lower.

Ideally you are looking for a balance. You should aim for a reasonable return for the investment you make at the sampling stages. If the garment sells well, the client will hopefully come back to you for the production order if your quality, price and service is excellent. You need both sides of the business. Without either, you will not have enough continual work.

## 4. Opportunities

In order to ensure that your business maintains a high level of profitability it is important to look across all of the services you offer, to identify which are the most profitable, and where you could expand and optimise your business performance. This is also necessary to show areas in your business that are actually loss making but are being prompted up by more successful areas. This can be done along with the analysis of your productivity each month. There is a separate Alliance Toolkit on Productivity Cycles which will assist you.

If you are not operating at maximum efficiency, you will have periods in the year which are quieter than others. If you want to improve your business we recommend that you innovate by considering:

- Reviewing the work which you have turned away in the past six months. One company we know, realised they had turned away over £60,000 of work, they calculated that the probability of being able to convert these into real business was around 75 per cent, with just a small amount of infrastructure changes. If you are not keeping track of lost work, you may not realise the scale of the opportunity. You then might be able to make adjustments to your workspace and staff in order to meet the demand.
- Offering sampling and production services during the Pre-Collection calendar. See the Alliance Toolkit on the Fashion Calendar which describes how these activities can fill the quiet periods between the two Mainline collection seasons (Autumn/Winter and Spring/Summer).
- Expanding into new fabrics and style types. Your business is likely to specialise in certain fabric types and styles, dependant on your machinery. Listen to customer

feedback about fabrics and styles that they can't find the manufacturers for, and review whether this would be an opportunity for you.

- Developing new services that promote the specialist skills of your company. These could include bridalwear, tailoring, eveningwear, made-to-measure for private clientele, consultancy support to clients, amongst others.

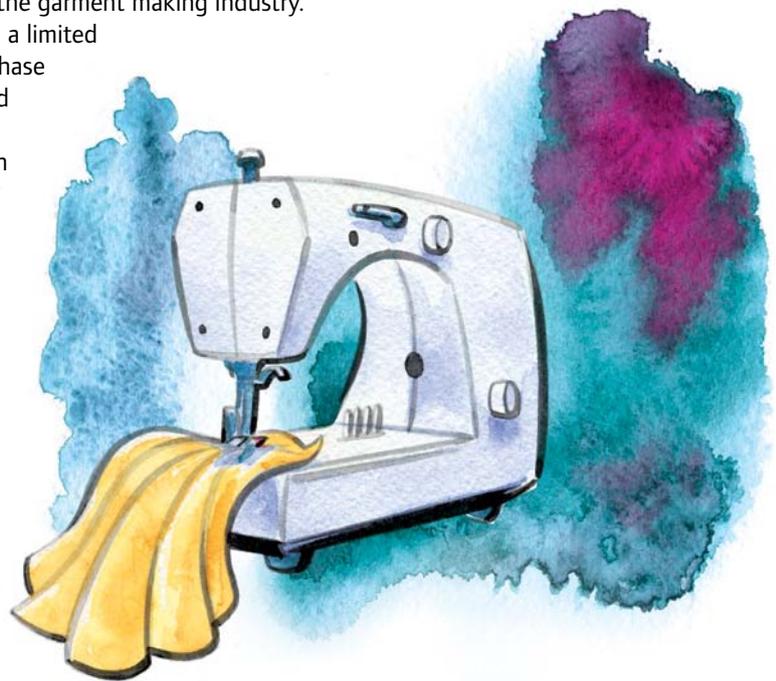
## Other sources of information and advice you can turn to

- Business Link: [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- Your accountant.
- Your bank.
- DISC: This is the new Designer-Manufacturer Innovation Support Centre, launching through the Centre for Fashion Enterprise in early 2012. It will support manufacturing units to innovate their businesses – their products, their services and the way they do business. [www.fashion-enterprise.com](http://www.fashion-enterprise.com)

# Technology review and investment

Visits to high-end manufacturing units have been useful in identifying a number of common issues. Most of the manufacturing units have been set up by highly skilled practitioners who have a solid foundation and knowledge of the garment making industry. Many are masters in pattern cutting and making-up but have a limited knowledge of the current machinery market and how to purchase new equipment. This Toolkit is designed to provide advice and support in assessing the viability of existing machinery in a manufacturing unit, which may be inefficient in terms of both labour saving and quality.

Through a series of factory visits we have observed an average machine to machinist ratio of around 1.5 machines needed for each machinist, based on a production unit employing around ten machinists. Additionally, one steamer to every five machinists is also needed. If there are fewer staff employed in the business, the ratio will be higher, as the machinists still need access to a wide range of specialist machines.



## Identifying machinery which needs replacing

Many manufacturing units when they initially set up, acquire second-hand machinery to build up their asset base. But many of these machines only have one function, and as they age, become slow, inefficient and faulty. Our visits highlighted that many manufacturing units appeared to have a large numbers of old machines, many in need of replacement. These machines compact the workspace available, causing some of the workspaces to be inefficient.

Symptoms of machine inefficiency can include:

- Excessive costs of needle replacements.
- Poor stitch formation (puckering, slipped stitches, missed stitches).
- Oil spotting on fabrics.

- Cramped workroom conditions.
- Speed inefficiency.
- Worn parts (bearings, hooks etc.).
- Dated technology.

If your machine suffers from any of these symptoms it may be worth considering replacing it. You can find details on running a profitable manufacturing business in a separate Alliance Toolkit which provides useful guidance on planning your finances to fund new machinery purchases.

Manufacturing unit managers are generally very busy, so we advise you, if you don't already, to allocate time to maintain a written log for each machine. This will provide useful evidence of when a machine is costing you more than you are earning from it. We recommend that this log is maintained for each machine including checking functionality, recording faults and costs of repairs. This should be updated every season (six months). The log will help you objectively assess when a machine is costing you too much money and its time to re-invest.

Tip: Soliciting feedback from the sewing machine engineer who services your machines is useful to record as part of the assessment.

The following checklist can be used to inform your log:

### Machinery six monthly assessment form

Model name	Responses
Date of assessment	
Assessment completed by (staff name)	
Date of purchase	
Approximate age of machine	
Usual life expectancy of this model	
Estimated remaining life expectancy of this machine	
What are the machine's functions/stitch types	
Perceived benefits of machine	
Service history (how often do you call out engineer)	
Servicing costs in last six months	
Fault history (list main fault problems: oil spotting, needle breakages) from last six months	
If the machine does not use universal fittings (e.g. needles and oils), how much are you now spending per month on these? Compare this with how much the universal equivalents would have cost.	
User feedback from machinist staff	
Technical feedback from machinery engineer	
Machine life expectancy e.g. is it expected to last just another six months, or three years?	

## Common issues to avoid

- 1. Workspace restrictions:** It is not unusual to find that manufacturing workspace is cramped, and one reason for this can be that the owner is hanging on to old machinery rather than replacing it. For example, you might have two old buttonhole machines which would be more efficient if they were consolidated into one new machine, gaining 50 per cent space which should improve functionality.
- 2. Need for regular equipment servicing:** Better planning keeps machinery in action. Most manufacturers can recall machinery being out of action for a while. But few will have assessed the resulting impact on their business. Keep your equipment in good working order, or pay the cost. For example, if your buttonholer was out of action, but you had to complete a run of 60 semi-tailored jackets which needed eight button holes per garment, what would you do? We know of one manufacturer that subcontracted to another factory to do the buttonholes. As well as paying for the subcontractor, they lost five hours travel time and costs of the 80 mile round trip. Keeping a log of the machines performance would minimise times when it was out of action.
- 3. Inefficient work practise as your business grows:** If you are aiming to increase your order volumes, you will need to consider investing in new machinery for certain functions. As an example the cost of hand sewing buttons is not cost effective for larger orders. You could have an order of 300 garments, each having eight buttons, each button taking one minute to sew by hand = 40 hours work per order. The charge out rate to the client for the button sewing alone would be £900 per order or £3 per garment (if charged at £15 per hour). Even if you think you can do it 50 per cent quicker than what the charge would still be £450 charged for sewing on buttons – which is excessive.

Over a year, if the manufacturer had five orders averaging say six buttons this would be equivalent to charge out costs of £3,750 (or £1,875 if 50 per cent faster).

Alternatively you could purchase a button-sewer (estimated at £2,500). Taking into consideration the example just given, the charge out would have been £7,500 over the two years. The time saving of using the new machine could be estimated at 75 per cent, so over the two years, you could either increase profits by £2,500 p.a., or pass the saving onto the clients, to remain competitive on pricing.

## What machines will you buy?

The demise of the UK mass clothing industry in recent years has caused the disappearance of many ancillary industrial sewing machine dealers and the proliferation of second-hand equipment onto the market. In the past the dealers offered an (unofficial) consultancy service to small manufacturers advising them on machine models, updating them with current information, and upgrading machines as businesses expanded.

Today it is difficult to find an industrial sewing machine dealer in the UK, let alone London. Don't give up. There are still a few left who can guide you in your research of machines to meet your individual requirements, and what the market availability and prices are. We have listed a few at the end of this Toolkit. We recommend that you consider new machines which provide maximum potential such as:

- Modern needle positioning and automatic thread cutting lockstitch machines.

- Computerised button-holing machines.
- Button sewer.
- High-speed overlock machines.
- Oil-free lockstitch machines.
- Table fusing presses.
- Vacuum ironing tables.
- Fancy stitch machines.

Our advice is to use an agent or supplier based in the UK rather than abroad, since they should be able to provide you with a more comprehensive training, servicing and possible financing support package. The table below provides a useful checklist of key information to collect, and key questions to ask of each supplier/agent to gather enough information to make an informed decision. Wherever possible, solicit recommendations from other manufacturers and arrange to have samples tested out on the fabric types you usually work with.

### Equipment purchase checklist

Model name	Responses
Supplier/agent details.	
What, if any, are the machine's unique features and benefits?	
Are there any labour saving features on the machine?	
Usual life expectancy of this model?	
What is the pay-back period on this machine? (How have you calculated this figure?)	
Price (incl. delivery), ex VAT.	
Are any financing schemes available from this supplier?	
Details of any manufacturer's warranty (fee and timescale).	
Who will service the machine, and what are the timings and costs?	
What training is needed/given, and what, if any, are the costs?	
What are machine's functions/stitch types.	
Is the machine suited to heavy use or more of a domestic model?	
Can the supplier/agent allow you to take up any recommendations from other factories who use this machine?	
Are there any disadvantages to purchasing this machine such as not being able to use universal fittings (e.g. needles and oils)?	
Ensure you can test out a sample on the equipment to validate quality standards. Record comments.	

## Other sources of information and advice

- Alliance Toolkit on workspace requirements.
- Alliance Toolkit on running a profitable business.
- The Sewing Machine Trade Association: [www.sewingmachine.org.uk](http://www.sewingmachine.org.uk)
- Juki Corporation, Tokyo, Japan: [www.juki-uk.com](http://www.juki-uk.com)
- Brother Industries Limited, Nagoya, Japan: [www.brothermachines.com](http://www.brothermachines.com)
- DISC: This is the new Designer-Manufacturer Innovation Support Centre, launching through the Centre for Fashion Enterprise in early 2012. It will support manufacturing units to innovate their businesses – their products, their services and the way they do business. [www.fashion-enterprise.com](http://www.fashion-enterprise.com)

# Health and Safety

Fashion might be a unique industry in many ways, but in terms of providing a safe working environment, all companies need to comply with Health and Safety (H&S) legislation. Fashion manufacturing companies need to have a good understanding of the basic requirements of H&S management. We have found that many businesses have a misunderstanding of what is actually required by law, for example it is incorrect for companies to assume that their landlords are fully responsible; to think that H&S legislation does not apply to them if they are new or only a small business; or not to know that their responsibility extends to visitors to their premises.

This Toolkit is designed to provide some advice and support in understanding H&S and what it means to your business. Although there are a lot of things to comply with, there are business advantages to applying H&S standards to your business. For example, some larger customers may ask for evidence of Ethical Trading Initiative (ETI)<sup>1</sup> accreditation before they even enter into a conversation with a manufacturer. This has H&S implications, and whilst this currently isn't a criteria for most of the high-end designer labels when they are contracting manufacturers, it is for those larger brands involved in international retail operations. So it could assist you to win new business.



## What does H&S actually cover?

All employers, whatever the number of employees, have a duty to protect the health and safety of themselves, their employees, their sub-contract employees, their customers and their visitors.

The HSE (Health and Safety Executive) has a useful guide available on its website, entitled 'Health and Safety made simple, the basics for your business.' This is a useful starting point. It is downloadable from: [www.hse.gov.uk/simple-health-safety/index.htm](http://www.hse.gov.uk/simple-health-safety/index.htm)

Any business that has five or more employees must have, among other things, a written Health and Safety Policy which describes how health and safety is managed within the business and informs employees and others about the commitment to health and safety.

This does not need to be complicated or difficult and there is plenty of guidance (and even a template) on the HSE website.

Other requirements for employers include a need to:

- 1. Have appropriate insurance cover** – (i) Employer’s Liability Insurance: if you employ anyone you must have employer’s liability insurance. This is designed to cover potential compensation claims from employees who have been injured or been made ill through work. (ii) Public Liability Insurance – for any potential compensation claims from visitors to your workspace.
- 2. Assess the potential health and safety risks** in the workplace and decide on what action to take to remove or reduce those risks. If you employ five or more people you must keep a written record of your risk assessment and any significant findings.
- 3. Carry out a Fire Risk Assessment and put measures in place to protect people in the event of a fire.** This ensures you have considered potential risks of fire, and put in place measures to remove or reduce the risks. There is plenty of guidance to help you on the London Fire Brigade website ([www.london-fire.gov.uk](http://www.london-fire.gov.uk)) and the Dept of Communities and Local Government website ([www.communities.gov.uk/fire](http://www.communities.gov.uk/fire)).

Some of the measures may be taken by your landlord (fire escapes etc) but it is still the employer’s responsibility to make sure these are in place and that the landlord maintains them. Emergency fire procedures should be displayed and all employees and visitors should be made aware of them. Don’t forget to do a fire drill every so often – it might save someone’s life one day!

In addition there are rules relating to fire extinguishers – how many, what type, where to put them, signs to identify them, qualified maintenance etc. There are also rules relating to fire escapes, emergency exit signs and fire alarms. Most companies (or their landlord) employ a suitable contractor to give advice on fire extinguishers, to provide the right ones (often on a rental basis) and to maintain them once a year. The same company will advise on signs. This service does not have to cost a lot. Ideally copies of maintenance visit reports should be kept (even if you have to get them from your landlord).

- 4. Display the HSE’s health and safety law poster** – that outlines the legal requirements and lets employees know what they and their employer need to do.
- 5. Provide training and information for employees and sub-contractors (and visitors as appropriate)** – for example: letting them know about fire evacuation procedures; making sure they know how to handle rolls of fabric etc., without risking a bad back; training in using particular machines.
- 6. Consult with employees** – to make sure they understand about, and contribute to, keeping the workplace safe.
- 7. Provide suitable workplace facilities** – for example: toilet and washing facilities; sufficient lighting, heating and ventilation etc. Some of these may be provided by the landlord, but it is still the employer’s responsibility to ensure they maintain them.
- 8. Provide first aid facilities and know what to do in case of accidents or ill health** – all employers need a first aid box. HSE guidance ([www.hse.gov.uk](http://www.hse.gov.uk) – ‘First Aid at Work, your questions answered’) also suggests when you might need

a trained first aider. You should also keep a record of all accidents in an accident book. The HSE website lists the sort of accidents that must be reported to the authorities and how and when to make such a report ([www.hse.gov.uk/riddor](http://www.hse.gov.uk/riddor)).

**9. Appoint responsible people and find a proper source of advice** – someone within the business should be appointed as responsible for health and safety issues, fire safety, first aid facilities, risk assessments etc. It doesn't have to be the same person for everything, but it often is in a small business. Very importantly, the business should also identify a 'competent source of advice' who can answer questions as they arise and who can keep the responsible person up to date. Specialist H&S service providers can do this for a small annual fee or you can fully train your own responsible employee.

**10. Beware of hazardous chemicals** – small fashion manufacturers sometimes use chemicals (e.g. spot remover). If you use any chemicals, even if you don't use them often, you need to make yourself aware of the potential hazards (e.g. the affect on skin, eyes, lungs, and how flammable it is), the first aid requirements and storage requirements. The manufacturer of such chemicals may recommend that gloves are worn and that it is only used in a well ventilated area – if so, you need to take note and make sure that everyone who uses that particular chemical knows what they should be doing. The rules relating to chemicals come under the heading COSHH (Control of Substances Hazardous to Health).

## Examples of risks within a fashion manufacturing unit

Within H&S legislation there is a need to identify possible risks, and record the measures you have in place or the actions you need to take to mitigate or manage these risks. These all need to be written down. There are templates available on the HSE website that you can adapt.

**Typical risks within a small fashion manufacturing business might include:**

### Around the cutting, sewing and pressing workspace

1. Sharp tools – cutting blades, scissors, needles.
2. Electrical – damaged or badly installed cables or machine electrics could cause electric shocks or fire.
3. Hot surfaces (pressing area) – leading to both a fire hazard or someone burning themselves.
4. Poor posture for machinists – could result in bad back or other injury.
5. Poor lighting over sewing machines – could affect eye-sight over a long period of time or could cause headaches.
6. Dust – too much dust could affect breathing, particularly for susceptible people such as asthmatics, as well as being a fire hazard.

### Around the storage area

1. Tripping hazard from badly stored fabric or boxes.
2. Manual handling – heavy rolls of fabric could cause bad backs.
3. Are there any fire hazards near the storage area?

4. Anything stored above shoulder height could cause injury if it is not secure and heavy items stored at height could easily be dropped.

#### Around the office and reception area

1. Tripping hazard from electric cables on the floor.
2. Poor posture at computer stations could cause bad back or other injury.
3. Electrics – damaged or badly installed electrics could cause electric shocks or fire.

#### Around the kitchen

1. Electrical appliances – worn out cables or damaged plugs and sockets could cause electric shocks or fire.
2. Slipping hazard from spilt water or milk.
3. Hygiene problems (e.g. old food in the fridge, unclean surfaces etc) could cause illness.

#### Other advice relevant to the sector

1. Many skilled machinists have moved over to the UK from mainland Europe, with poor written and spoken English skills. The majority of printed H&S materials are available in English, and it is important that your workforce understand them either by translation, explanation or use of diagrams where appropriate.
2. Noise is not usually a problem for fashion manufacturers unless you have a particularly noisy machine. If you do have a noisy machine you should talk to your 'competent source of advice' about what to do.
3. Don't underestimate the problem of dust – make sure you sweep up often enough to keep dust levels down and keep the workplace ventilated if possible. If in doubt consult you 'competent source of advice'.

## Developing an H&S Action Plan

Within a small business, it is possible for you to develop and maintain systems yourself using the guidance and templates available on the HSE website or from other sources. If you feel you need more face- to-face guidance there are specialists available who can help you with this. You should, though, also have access to a qualified 'competent source of advice' (as explained in the HSE's 'Health and Safety Made Simple' leaflet) for ongoing questions, advice and support. The same 'competent source of advice' will be able to help you set up and maintain your systems, or if you prefer simply check and comment on what you have already done. You probably already deal with most business management issues yourself. You should try to do the same for health and safety – managing it is good for your business.

## Step-by-step process to develop an H&S Action Plan

<b>Step 1</b>	Visit HSE's website <a href="http://www.hse.gov.uk/smallbusinesses/must/advice.htm">www.hse.gov.uk/smallbusinesses/must/advice.htm</a> to find out what help is available for your business. You may also find it helpful to discuss matters with a trade association such as the UK Fashion & Textiles Association (UKFT) which has a good advice section on H&S on its website.
<b>Step 2</b>	Familiarise yourself with your legal requirements – ideally through the HSE website or through talking to specialist advisors.
<b>Step 3</b>	Decide which requirements your landlord needs to fulfil and how you can monitor and record what is done.
<b>Step 4</b>	Order and display the HSE 'Health and Safety Law' poster.
<b>Step 5</b>	Review HSE website and its templates for policies, risk assessment and other areas relevant to your business. Adapt these templates where necessary.
<b>Step 6</b>	Write your H&S policy – based on the HSE template and examples (or an equivalent). Make sure it takes into consideration any difficulties your staff may have reading English. Any information you display and/or communicate must be accessible to your staff.
<b>Step 7</b>	Carry out a general risk assessment (based on HSE template or equivalent) and a fire risk assessment (refer to <a href="http://www.london-fire.gov.uk/FireRiskAssessment.asp">www.london-fire.gov.uk/FireRiskAssessment.asp</a> or <a href="http://www.communities.gov.uk/fire">www.communities.gov.uk/fire</a> ) and take any measures required as a result of the assessments, including displaying emergency evacuation procedures.
<b>Step 8</b>	Decide what induction training to give your staff and bring existing staff up to speed.
<b>Step 9</b>	Set up a H&S file, containing all relevant documents, (policy, risk assessments, and records of things like staff induction training, fire extinguisher maintenance visits, electrical (PAT) test, fire drills etc.).
<b>Step 10</b>	Choose a 'competent source of advice' and decide on other requirements (e.g.: how to consult with staff; have you got any hazardous chemicals etc.).
<b>Step 11</b>	Check that you have all the necessary insurance – talk to your insurance company or broker.
<b>Step 12</b>	Consider doing a H&S course – the IOSH (Institute of Occupational Safety and Health) one day 'Safety for Senior Executives' may be a good start.

Simple errors to avoid:

- 1. Not understanding what a landlord is responsible for vs what the manufacturer (employer) is responsible for.** We have seen that a lot of companies make assumptions that their landlords are responsible for all H&S issues. This is not the case. Employers still have responsibility for H&S, even if some of the requirements, such as fire extinguishers, are provided by the landlord. The employer has to make sure these facilities are sufficient and are maintained properly by the landlord.

There are several things that all employers must also do, including for example: assessing potential risks (including fire) and taking measures to reduce or eliminate them; training employees (including sub-contracted employees) in H&S issues; providing information to visitors (such as emergency evacuations); provide first aid facilities and ensure that there is adequate lighting, heating and ventilation.

- 2. Not communicating H&S information to all staff.** It is a basic H&S practice that all your staff must be informed about your H&S policy and practises. Displaying an HSE poster and fire exit diagram printed in English is not enough if some of your

staff do not speak or read English. If this is the case, you must get the materials translated into the language of your staff. You also need to be aware that once you start to employ more than five people, it is a legal requirement to have a written H&S policy and keep documented records of risk assessments.

## Other sources of information and advice

The information in this Toolkit is just a small percentage of the information that can be found on the HSE website. The HSE is the Health and Safety Executive, which is the national independent watchdog for work-related health, safety and illness. We would urge readers to refer to the HSE website.

<b>Health and Safety Executive</b>	<a href="http://www.hse.gov.uk">www.hse.gov.uk</a>
<b>UK Fashion &amp; Textiles Association (UKFT)</b>	<a href="http://www.ukft.org/rulesandregulations/rulesandregulations.php?mid=5&amp;mid=21">www.ukft.org/rulesandregulations/rulesandregulations.php?mid=5&amp;mid=21</a>
<b>London Fire Brigade – Safety at Work</b>	<a href="http://www.london-fire.gov.uk">www.london-fire.gov.uk</a>
<b>Royal Society for the Prevention of Accidents</b>	<a href="http://www.rosipa.com">www.rosipa.com</a>
<b>Department for Communities and Local Government</b>	<a href="http://www.communities.gov.uk">www.communities.gov.uk</a>
<b>Business Link</b>	<a href="http://www.businesslink.gov.uk">www.businesslink.gov.uk</a>
<b>IOSH (Institute of Occupational Safety and Health) – particularly useful for training courses</b>	<a href="http://www.IOSH.co.uk">www.IOSH.co.uk</a>
<b>Ethical Trading Initiative (ETI) accreditation</b>	<a href="http://www.ethicaltrade.org">www.ethicaltrade.org</a>
<b>Your local authority</b>	

Of the above, the Royal Society for the Prevention of Accidents offer a commercial ‘competent source of advice’ service. Other commercial sources for this service can be found by searching online for ‘health and safety advisors’ (you can follow this by your town, county or region if you are looking for a local company). The HSE website has guidance on selecting a ‘competent source of advice’.

1. Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell.

# Womenswear fashion calendar opportunities

There are two womenswear fashion calendars presented in this Toolkit. The first – the two-collection per year calendar is the one which many of the UK high-end manufacturers have till now been focusing on. The second – the four-collection per year calendar, has emerged as high-end designer fashion has followed the high street in acknowledging that the idea of people fully switching their entire wardrobes between seasons is outdated. Much of the high street relies on more than eight drops of new merchandise a year. Larger high-end brands produce at least four collections each year. Manufacturers therefore have an opportunity to increase their sales as a result of the continuous loop in the fashion calendar.

We have prepared this Toolkit to give you advice and guidance on seizing the opportunity available through the four-collection model.



## Two womenswear collections per year

Much of the manufacturing in the UK for the high-end designer fashion sector works to the two-collections per year calendar. The effects of the resulting seasonal peaks and troughs in production activity are felt acutely by the manufacturers as the disruption in the 'industrial' process has ramifications for the health of a business, namely:

- Cash starvation immediately prior to the peak production periods.
- Inability to retain staff in quiet periods.
- Instability and uncertainty.
- Loss of momentum.

Figure 1 provides a timeline showing production utilisation within a manufacturer's business, and we have illustrated typical workforce productivity levels for the various periods, for manufacturers working to this two-collection calendar. We have observed that factories are sometimes operating at productivity levels as low as 40 per cent.

The manufacturing months when production is very low – April, May, August, September, February and March – are the times when manufacturers, already struggling to turn a profit, will experience the largest losses. Whilst some manufacturers may have flexibility within their staffing arrangements to mitigate the damage of quiet times, there is not much that can be done about the fixed overheads – e.g. rent, rates, service charges etc.

There is also the risk that once staff have been laid off temporarily, they will not be available to come back once the situation improves. This is not an uncommon situation, and has serious implications for factories in that they may be unable to 'gear-up' to 90/100 per cent production in the busy months if key workers have found jobs elsewhere during the quiet times.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average productivity levels	100%	50%	40%	40%	60%	95%	95%	40%	50%	70%	90%	100%
Work on designer's patterns and specs for Feb collection											AW	AW
Produce designer's samples for Feb	AW	AW										AW
Pre-production samples				AW								
Manufacture orders					AW	AW	AW	AW				
Deliver orders						AW	AW	AW				
Work on designer's patterns and specs for Sept collection						SS	SS					
Produce designer samples for Sept							SS	SS	SS			
Pre-production samples										SS	SS	
Manufacture orders	SS	SS									SS	SS
Deliver orders	SS	SS	SS									

Some manufacturers are developing new areas of business during the quieter months:

- Finding designers who have a large private order clientele (e.g. in the Middle East).
- Consider offering paid services to designers – e.g. pattern cutting services.
- Alterations to couture/designer garments for private customers.

There are also a surprisingly high number of manufacturers who have not been aware of the four-collection model arising through Pre-Collection and Cruise/Resort developments. This might be due to poor market awareness, combined with a client base dominated by smaller designers who have not yet moved into Pre-Collection. We found that these manufacturers were usually run by a sole owner/manager. Because they are managing the business alone many look forward to the dip in productivity when they can take a

holiday at the end of an exhausting season. In addition while they acknowledge that Pre-Collection offers them a great opportunity, the smaller manufacturers are still occasionally let down during the current two-season calendar, when designers deliver patterns, toiles and fabrics late which would be compounded further in a more demanding production schedule. Nevertheless with careful management and planning a manufacturer can use the move towards Pre-Collection as an opportunity for growth.

## Four-collections per year

Launching four collections instead of the traditional two collections each year has become core business for many of the high-end designer labels based in the UK. In June 2011 over 30 London-based high-end designer companies launched Pre-Collections/Resort Collections in Paris.

The introduction of more collections enables them to provide new full price merchandise in store at a time when the 'past season' mainline collection is discounted in the sales, and prior to the new season mainline deliveries which will start again after the sales in August and January.

The four season high-end calendar includes:

- Autumn/Winter Mainline, which continues to be delivered to stores in July to September.
- Spring/Summer Mainline, which continues to be delivered January to March.
- New is Pre-Collection (or Cruise/Resort) delivered in October before the December sales start.
- Also new is Pre-Collection (also called 'High Summer' in the US, but is more a Pre-Winter) delivered in May, before the June sales start.

## Why is this important?

Pre-Collections and Resort Collections are the seasons where buyers are now placing the majority of their budget:

- Selfridges place 70 per cent of their budget on Pre-Collection.<sup>1</sup>
- Matches place 60 per cent of their budget on Pre-Collection.<sup>2</sup>

This only leaves 30-40 per cent of the budget available to spend at the traditional twice-yearly tradeshows in London, Paris, Milan and New York which are the main routes to market for most London-based high-end fashion design businesses.

## What does this mean for London's manufacturers?

Previous research<sup>3</sup> has shown that there are significant peaks and troughs in London's manufacturers' productivity in October and November; and also in March and April,

Collection title	(1) Design and sampling activity	(2) Selling period (designers showcasing and selling to buyers)	(3) Production activity	(4) Delivery to stores
<b>Autumn/Winter</b>	December to February	February to March	May to August	July to September
<b>Pre-Collection OR Cruise/Resort</b>	April to May	June	August to October	End October to end November
<b>Spring/Summer</b>	July to September	September to October	November to January	January to March
<b>Pre-Collection called 'High Summer' in the US, but is more a Pre-Winter</b>	September to November	December to January	February to April	Mid to end May

after Mainline sampling is completed. This results in irregular cashflow and irregular employment opportunities for the sector's highly skilled machinists.

The four season calendar provides a continuous loop year-round opportunity for manufacturing units wishing to even out their workflow peaks and troughs, illustrated by the (1) sampling and (3) production columns in the following table. If you feel that this is something that you would like to explore, your business will need to be able to take on the additional demand, and therefore reviewing the productivity of your business and reducing inefficiency is a must.

## What are the characteristics of Pre-Collection?

- New, fresh merchandise, signalling important trends that will be coming in later in the season.
- Links the look, weight and handle of one Mainline collection to the next.
- Usually maintain the quality of the Mainline, but are more central pieces, not usually as intricate and therefore slightly easier to manufacture.
- Often bought in higher volumes.
- Should be cohesive with the main collection, so any remain pieces do not look out of place in the store.
- Fulfil customers' desire to wear clothes the day they buy them, not later in the season when the weather is more extreme.
- More focused on separates and inter-seasonal so they can be worn in different climates.
- Resort collections, which hit stores during the all-important Christmas holiday shopping season, are a growing part of designer businesses as consumers move toward styles they can wear year-round.
- Resort clothes also spend the longest time on the full-price selling floor, typically until mid-Winter when Spring merchandise moves in.

1. 'Carven release their first ever pre-collection' | Julia Robson | 07 July 2011 | Telegraph.co.uk

2. Drapers | 22 July 2011.

3. High-End Production Hub Feasibility Study | 2009 | Centre for Fashion Enterprise.