

Looking to a bright future

The radical changes in fortune for the world's footwear industry since the coming of globalisation has led to much disquiet as to what the future might hold. Would Asian countries led by China develop a stranglehold on the industry? In a world seemingly obsessed by major brands, would consumer choice become increasingly restricted? And, squeezed between the forces of low wage cost manufacturing and the influence of these brands, how could small manufacturers hope to survive?

Nothing is ever permanent however. Indeed, in today's rapidly changing world, less so than ever before. None of these fears have in fact come to pass as wages in Asian economies have risen dramatically, new technologies have revolutionised the way shoes can be made and consumers have far more power than ever before. So, although there have been many casualties over the past thirty years or so, is the future now in fact good for the footwear industry? Yves Morin, CEO of the French footwear research and technology centre CTC Groupe, certainly thinks so: a long and increasingly bright one.

To substantiate this, he cites how rapidly the industry is developing as witnessed by the enormous increase in production that has taken place over the past twenty years (around 20 billion pairs in 2013) as a result of population growth and improved living standards in almost all countries. Population growth shows no sign of slowing, so as long as living standards continue to rise, the outlook for the industry as far as demand is concerned is indeed bright.

Furthermore, he points out how the industry has become increasingly popular. Every fashion magazine and a number of TV shows feature footwear, while more and more celebrities like to talk about their favourite shoes. The footwear and leather goods industries, whose products used to be referred to as 'accessories' in the fashion industry, have now become a "key element" of fashion itself. Footwear brands and products are in the spotlight as never before which is something we should

all be aware of as it is a good thing.

However, he goes on to warn that, "At the same time, however, the industry still faces many challenges, such as the costs of both labour and materials, the availability of leather and a continual rise in the price of finished products. It also faces a new one where consumers as well as NGOs have increasing expectations in other areas.

"They demand greater transparency, want to know how and where products were manufactured and what substances have been used. They want to know if those products were safe for their, and their families' health. And, increasingly, they also want to know if any tanneries involved were causing water pollution, what working conditions were like in the factories involved and other things such as why did a particular factory collapse on its employees."

M. Morin also observes that within the 34 member countries of the

O.E.C.D, 50% of the population says that they are affected by social responsibility, which suggests it is the right time for the industry to ask questions about its social, environmental and economic impacts on the global economy and to open its mind to better understand this matter and act properly with regard to company social responsibility.

"CSR can be a source of opportunity and should be considered as a new method of management for the leather, footwear and leather goods industries, in order to improve the manufacturing process as well as meeting market expectations." He feels that the vast majority of industry in general is yet to realise that the world is changing and does not pay enough attention to sustainability. "Our industries could build an innovative model with a new manufacturing process establishing a fruitful dialogue with the different stakeholders involved."



CREDIT: DHOXAX / SHUTTERSTOCK

He accepts that it will of course not be an easy and a peaceful path. Indeed, we can be sure there will be considerable resistance in some quarters, particularly from manufacturers at the lower end of the price scale. To some extent, one can see why, as at the beginning it will cost money. It will also require a rethink of attitudes and a willingness to replace long accepted practices. But change is now inevitable as consumers encouraged by the media increasingly demand. Major international brands have responded and, where they lead, the rest of the industry inevitably follows.

The concept of investing in health and safety to protect employees, improve employee benefits plans in order to retain staff and paying overtime to employees rather than penalising financially for arriving late for work will also be hard for employers in some parts of the world to accept. However, if they wish to take full advantage of a global market and become a supplier to a major brand or, indeed, any other retail outlet in the developed world, they will have to change otherwise no one will do business with them.

M. Morin also says that far more attention will also have to be paid to intellectual property rights and enforcing legislation to fight against the counterfeiting that continues to hit so many branded products and materials with no respect for all the effort that has gone into developing and manufacturing them. Failure to do so, will ultimately reduce customer confidence in the products they are buying and the brands or manufacturers supplying them.

At the end of the day it will be savings that companies generate by eliminating many hidden costs that hitherto been overlooked that help to control manufacturing costs. Using less or better materials, lowering unit labour costs by employing well-trained and loyal staff, the use of recycled materials wherever possible and the most efficient equipment in terms of energy can also play a major role. And, finally, savings can be made and benefits accrued by avoiding the return of defective products, by working with customers in long term relationships where both parties cooperate to mutual advantage. All these will provide savings on a daily basis and probably a

much lighter environmental footprint as well.

Last but not least, employees throughout the company can take a pride in the organisation they work for, one which educates its staff, cares about the environment, respects the neighbourhood in which it is located and is considerate of everyone—not just its customers. M. Morin is calling on the footwear industry to open its doors to more equitable and more

sustainable development in order to enjoy the long and bright future he believes it deserves. 

Yves Morin is CTC General manager, visiting Professor at the University of Lyon (France) teaching Social and Environmental Audit Practices, President of UITIC (International Union of Shoe Industry Technicians) and also serves on the UNIDO Leather Panel.



Vaccinations were one of many treatments available at a medical camp run at Ludhiana in India as part of A&E's CSR programme. CREDIT: AMERICAN & EFIRD

Implementing and operating an effective CSR and sustainability programme is neither easy nor can it happen overnight. It is this fact that has caused many companies to shy away once they begin to realise the degree of commitment needed. That they are shortsighted is demonstrated by the ever increasing number that do undertake that commitment and go on to make a success of it both socially and commercially.

A good example of a company with a highly successful programme, is US thread manufacturer American & Efir. Founded in 1891, it is one of the largest producers of industrial sewing threads in the world, with primary spinning, dyeing and winding facilities in the US, China and India. Its senior management has pursued best practice in environmental management and health and safety in its own operations and those of business partners and suppliers for many years.

Its policy comprises a number of separate headings which provide a multifaceted approach to environmental stewardship that includes regular monitoring, analysis and improvement. Areas covered are global carbon footprint, water and energy conservation, sustainable packaging, recycling and waste reduction, eco-driven products and eco-driven education and involvement. An annual report is published covering each of these threads which is available for anyone to read.

The company is committed to integrity and high standards of conduct at all of its operations around the world and business partners must follow the same standards. Programmes, policies and goals reflect an effort to act in an ethical and socially responsible manner that benefits communities, customers and employees. Standards are published in a global code of conduct and all facilities wherever they may be are required to comply with both this and the company's health and safety policies.