

*Whilst many organisations serving the footwear industry have found life difficult as a result of the major changes that have impacted the industry, the SATRA Technology Centre in the UK has continued to thrive. In fact it has changed a great deal over the past twenty years and chief executive Dr Ron Whittaker explains the reasons behind its success.*

# SATRA continues to move forward

**S**ATRA Technology Centre was originally founded by a group of far-sighted UK footwear manufacturers and suppliers in 1919 to provide research and technological support to assist the move of the industry from a craft base to a modern factory-based system. Since taking up the challenge, the organisation has continued to assist the expanding global industry in light of the massive technological and geographical changes that have since taken place.

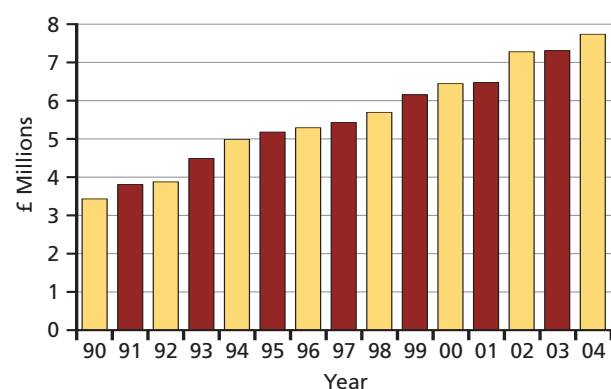
None of those pioneers at the start of the 20th century could have imagined that it would become the world's largest research and technology centre for footwear, leather and leathersgoods, as well as a leading technical support centre for many other consumer product industries. Equally, they could not have foreseen its increasing role in the vastly changed footwear industry of the 21st century.

Today, most footwear is resourced through professionally-managed supply chains and many of SATRA's services are consequently aimed at this process. These include material and product specification, quality assurance schemes, laboratory management and accreditation, leather assessment, specialised training courses and high quality research on product-related aspects such as improved comfort, water, abrasion and slip resistance.

## Financial performance

Members of the technical centre's executive are often asked how it has survived and prospered through the years of change

Figure 1: Income growth – 1990-2004



Wyndham Way site

when so many other consumer-product-industry-based research and technology organisations have struggled and sometimes failed. Comparisons are often drawn with the textile industry in the UK. Up to 20 years ago there were six technology organisations serving the industry, now there is one and that has decreased in size over the last few years.

In contrast, SATRA reported record income for 2004 of £7.7million (\$13.5 million). This was 6% above the previous year and maintained the centre's remarkable record over 35 years of continually increasing income year-on-year and not once running at a deficit on the revenue account.

## Success built on firm principles

The original 1919 concept was that SATRA should operate as a membership organisation and this is still the case today. Any company in the world can join and pay an annual membership subscription to benefit from its research, publications, and products and services. In the core footwear, leather and leathersgoods section (with minor exceptions), products and services are only supplied to members paying an annual subscription.

This combined subscription income allows us to undertake research for all members, develop new services to aid members' competitiveness and produce specialist membership publications such as the SATRA Bulletin that has recently been extended to more than 40 pages per month. We differ from many similar organisations in that we do not provide these services to non-members. Companies therefore have a clear choice: either they contribute to and receive all of the benefits or they do not become a member and have none. This system

has operated for nearly 90 years and we believe it to be the fairest policy.

SATRA has therefore never been a totally commercial enterprise, nor has it been government controlled. Instead, it is a non-profit distributing membership organisation and all decisions taken by the executive and board are based on better serving its 1,600 members in over 70 countries. Any profit or surplus generated cannot be distributed and is reinvested to fund the development of the ever-expanding laboratory facilities or to increase our research activities.

### Footwear industry resourcing

For most of the first 70 years the main focus was on the improvement of footwear manufacturing, particularly in Western countries. Improved productivity, increased automation, direct cost savings, improved material utilisation and reduced labour costs dominated much of the research and service work to members.

Now, 80% of the world's footwear is made in the Far East and supplied to Western brands and retail organisations through highly sophisticated product supply chains. More than two-thirds of the approximately 13 billion pairs of footwear produced in the world are sold in a different country to that in which it is made. The focus has therefore changed radically to

concentrate on this new method of footwear production and distribution, known as global resourcing.

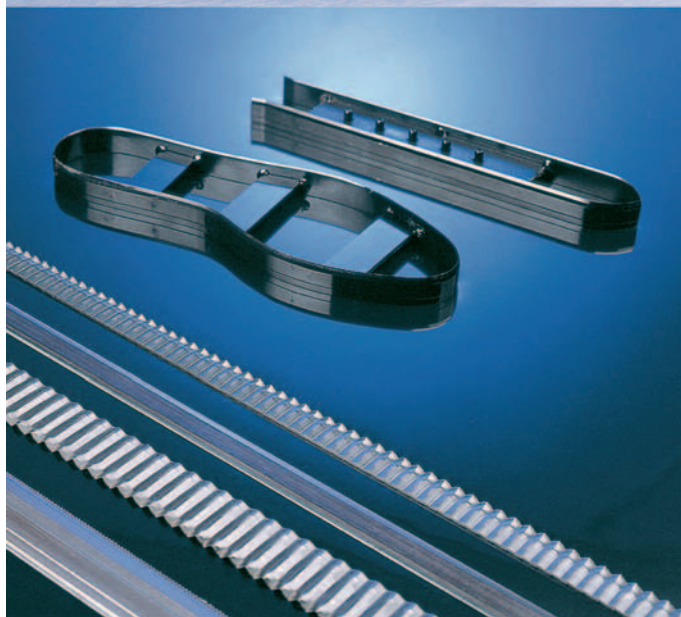
This has not only created a demand for improved quality of materials, components and finished shoes, but has also led to global brands demanding that robust quality assurance programmes should be in place. Many have therefore requested that SATRA, with its wide experience in these areas, be their partner in setting up global quality schemes and the centre has therefore effectively adapted its accumulated material, product and shoemaking knowledge to serve today's footwear resourcing industry.

In 2005 more than 75% of membership was based outside of the UK and, not surprisingly, China is currently the country where most new members are being recruited. There is now a representative office in China and every week technical experts are out in the Far East installing software systems such as SATRASumm and VisionStitch, undertaking laboratory accreditation assessments and introducing leather grading systems and training schemes.

### Operating as a business

In the past, membership organisations operated with a representative council as the main controlling body. They set policy and instructed the executive staff to carry out their ➤

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## WORLD FOOTWEAR

wishes. In an expanding industry phase such structures work well but, as difficulties arise, council members have split loyalties between their own company issues and the long-term future of the membership organisation. Traditionally, such councils could have more than 40 members, which was far too unwieldy for the important decision-making processes required in recent years.

One of the centre's great successes was to recognise in the late 1980s that its corporate governance and control structure had to change to meet modern business requirements. From the early 1990s a company board was established consisting of non-executive business personnel and executive directors. A clear distinction was made between the strategic direction set by the board and the executive decisions on the day-to-day management of the technology centre. Non-executive directors (mostly from member companies) have been carefully chosen and it is they who have contributed time, interest and business knowledge to assist our strategic development.

### Planning for the future

Today, non-profit-distributing limited by guarantee membership organisations like SATRA need to run within a strict business and commercial framework. Growth and development targets for each of the organisation's ten business centres and the overall business itself need to be profitable in order to be



*VisionStitch helps Far East companies increase efficiency*

able to invest in future growth and development.

Over the last 15 years the aim has been to produce a surplus of at least 5% per year on the revenue account and this has been achieved. This surplus has been reinvested in three key areas: new buildings and laboratories, the development and purchase of new capital equipment for the various business centres and, most importantly, in the training and development of our key resource, the expertise of our 185 staff. SATRA was one of the first companies in our area of the UK to be awarded the Investor in People standard in 1994 and has maintained this accreditation ever since.

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### Major investments

In order for research and technology organisations to be successful today they need to operate to the highest professional standards from state-of-the-art offices and laboratories. By the mid 1990s the site on Rockingham Road in Kettering initially purchased in 1946, had been fully developed, and it was obvious that further space would be required for new activities in the early years of the new Millennium.

A second site, on the Telford Way Industrial Estate in Kettering, has been gradually developed to provide computerised office accommodation and sophisticated product testing laboratories. With work starting in 1997, nearly 50,000 sq ft (4,650m<sup>2</sup>) of floor space has been developed at the Wyndham Way site and nearly 70% of current activity is now located there.

Although the total investment has been around £3 million (\$5.25 million), there has been no borrowing. It has been totally funded by money generated from the revenue account. Plans are well advanced to accommodate more than 90% of activities at the new site by the end of 2006. The board, however, has no plans to sell the original Rockingham Road premises and it is currently being developed as the SATRA Innovation Park to house small, high knowledge-based companies from the surrounding area.

### Serving non-footwear industries

In the mid 1990s it became clear that, although there would be an expanding market for the technology centre in the

footwear and leather industries, many assignments would be overseas. A twin-pronged strategy was developed which maintained SATRA's position as the leading technology centre for footwear, leather and leathersgoods but which also developed other related product areas to ensure the developing test facilities in Kettering were fully utilised. Over the last ten years, investment has been made in areas such as furniture, floor coverings, homeware, safety products, clothing and fabric care.

Many of these activities have now become main business centres and the organisation and its brand is now also recognised for its non-footwear activities. It is now the largest Notified Body in Europe with test facilities for the Personal Protective Equipment Directive. It has the largest UKAS-accredited furniture and bedding test facility in the UK and houses the only UKAS accredited laundry and dry cleaning test facility in the UK. These non-footwear activities now account for more than 30% of turnover.

### Planning for the future

The business plan up to 2010 has recently been completed. The adaptability the organisation has shown over the last 86 years will no doubt be continued into the challenging years ahead. Foot coverings of some form will still be manufactured and sold in even greater quantities around the world in 2100. Our aim is to leave our successors with the base to retain SATRA's status as the leading research and technology organisation in the inconceivable footwear industry which will be operating at that time. 



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