



AVIRAT SONPAL
Steve & Barry's

Born and raised in a family of 'Garmentos', Avirat holds the dual responsibility of being MD, 4004 Inc. India and VP Steve & Barry's. Through 4004 Inc., the Global Sourcing office of Steve & Barry's, the company has a long standing presence, not just in top US universities, but also in high-end shopping malls through diversified products from college wear to popular categories in womens, mens and kid's wear.

"Vendors Must Invest in IT Systems, Consultants and Joint Ventures for Greater Efficiency" - Avirat Sonpal, Steve & Barry's

Though India is on a growth path, with every player in the industry moving forward to add value, there are certain areas that need special attention to gain long term benefits. Cost-efficiency is one of the prime areas of concern for price sensitive buyers like Steve & Barry's which is increasing business steadily from the country. Investment in IT systems, automated equipment, joint ventures, understanding with trim suppliers and technical support from consultants are suggested methods to keep the industry tackle the situation professionally.

2005 has definitely been a breakthrough year for us both in terms of growing the number of Retail Stores we own and operate in the US- which will be close to over 100 by the end of the year- and also the amount of sourcing we have done from India. September 2005 marked our 4th year in the country and our employee strength has gone from 300 to 500. When we established our office here in 2001, the total buying from the country constituted about 5% of our overall purchases, which is now close to 40%.

The 'mantra' for going ahead has to be relationships and joint ventures. As margins diminish and distribution channels reduce, retailers prefer working directly with manufacturers in a totally transparent business environment. Exporters need to partner with retailers in order for both of them to grow.

Both parties have to be responsible for the overall performance of a particular product category to succeed with the consumer. The retailer is the front end, providing branding, better shopping

The focus going ahead will be purely on the following aspects:

- Identifying vertically integrated and socially compliant factories that have better control over their production.
- Solidifying partnerships between fabric mills and factories in case of woven apparel and outerwear.
- Structuring joint ventures and MOU's with factories for annual production.
- Increasing dependence on a smaller supplier base that enhances their capacities every season to match our requirements.

experience, better planning and forecasting methods to understand product potential. The factory needs to invest in better production technology and QA systems, product development, strengthening and improving productivity to give best prices and processes so retailers can be supported with a better read and react mechanism.

As far as India's success goes, I think the next five years will be better than what the country will have seen historically, with regard to growth. I do foresee a dramatic change in the way companies operate. Smaller factories /exporters will have to

merge with bigger ones or create either marketing or production joint venture partnerships. There is an abundance of good suppliers; however, customers are becoming cautious about whom they want to work with. To survive, smaller exporters will have to develop tremendous value-adding capabilities like a special process expertise, or offering of a better design service to a smaller customer that can't invest in the same. I also see a lot of potential for smaller exporters merging with the importers and being their presence in the country to source products from better and more capable factories.

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There are several areas where exporters can reduce their pricing and keep costs down. I think some of them are as basic as investing in systems and automated equipment that can increase productivity. I believe that a lot of exporters are wasting a lot of time and effort in penny pinching and working with new fabric suppliers and trim suppliers.

Each exporter must start gearing up either jointly with their customers where suppliers are nominated, or by themselves to structure some kind of annual commitments based on their projected needs to fabric mills and trim manufacturers. We have seen that trim costs can make a huge difference to the ultimate FOB on a garment.

If there is an understanding between the trim manufacturer, exporter and the buyer about annual volume, the manufacturer can work on the same and improve his efficiency and productivity and not look at it as a one time deal and endeavour to reduce costs so as to benefit the consumer at the very end.

Many exporters are overstaffed due to lack of foresight in being able to invest in IT systems that will be a one time investment, but, over a period of years, will reduce overheads.

Given that there is an ongoing effort both by companies and the government in supporting them, I think the country has a tremendous advantage over

most others to become the most favoured destination for apparel production. The biggest disadvantage that the country has on woven products is its lead time, which tends to be much lower. In knits, there needs to be more development of polyester based warp-knit fabrics. Investment in technology is the key. There should also be investments in domestic production of nylons, polynosics, polar fleeces and various other fabrics for which we are still reliant, to a large extent, on China.

Exporters also need to open up to the idea of investing in the services of consultants. They could also look at technology tie ups and common marketing tie ups with factories in other countries to increase competitive advantage, as there can be a shared pool of customers that will have a variety of products and production centres with common technical skills to choose from.

There is a scarcity of consultants in the apparel business in India. Most business owners have their own way of doing things. Every exporter manages his or her business a different way. I think consultants act as a great outside force and are able to take an objective view about a business. Production, quality control, marketing, systems, financial management, etc., are a few areas where consultants can go a long way in increasing productivity and efficiency while reducing costs.

As far as technology tie-ups go, these apply to almost all areas from machinery to software to production systems. If factories make commitments to their suppliers of all these factors and become ambassadors for suppliers of technology, not only will their cost on recurring maintenance and purchasing reduce, but it will actually create a marketing channel for technology providers and in turn reduce their costs by increased sales. There has to be a structured way of going about this route, without which it will not be possible.