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IMPROVING PENETRATION IN INTERNATIONAL GARMENT MARKETS

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ACRONYMS AND ABBREVIATIONS

API	Indonesian Textile and Garment Association
AQL	Acceptance Quality Level
ATMI	American Textile Manufacturers Institute
BDS	Business Development Service
CM	Cut and Make
CMT	Cut, Make, and Trim
DTM	Dye To Match
EXW	Ex Works
FOB	Free On Board
FP	Full-Package
LDP	Landed, Duty-Paid
SME	Small and Medium Enterprise

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EXECUTIVE SUMMARY

Indonesia is the ninth leading clothing exporter in the world. The garment industry is the second largest grossing export sector in the country, after the energy sector. Indonesia's garment exports account for three percent of the country's GDP.¹

Despite this impressive performance, Indonesia's garment sector faces several serious challenges for the future. And these challenges are compounded when considering that after 2008, China's garment industry will have "free quota" status allowing it much broader access to international markets. This will make it even more difficult for Indonesian producers to compete for access to international markets across Asia, and in places like Africa, Central and South America, and Eastern Europe.

This report outlines a way forward to develop Indonesian garment sector strategy based on the industry value chain approach. The main objectives of the strategy are to increase the competitiveness of the Indonesian garment industry, and to increase its access and penetration of international markets. This report describes the major constraints facing the domestic garment industry, and describes ways to reduce or eliminate their effects. Proposed strategies include methods for standardizing and improving product quality, production volumes, and business service practices.

While the types of garments produced by the industry are varied, the concepts detailed here can be adapted to the needs of any garment producer. This report analyzes a wide variety of issues and topics from a managerial perspective, including sourcing raw materials, technological resources, production capabilities, training, labor efficiency, quality requirements, international market sales strategies, and short-term profit generation.

In addition, in an effort to increase trade opportunities between buyers (domestic and international) and Indonesian garment manufacturers, a company profile template was developed. The objective of the company profile is to detail information (e.g. product offerings and production capabilities) that buyers require when considering business transactions with Indonesian firms. A number of factories, ranging from small to large, were surveyed as part of this study, and company profiles were developed. Each profile aims to provide the information that foreign buyers, in particular those from Europe and the United States, normally require from their vendors. Completed company profiles are included in APPENDIX 1.

This report was developed with substantial inputs from the SENADA garment team, and textile and garment associations. In addition, issues and considerations addressed during seminars held in Bandung and Jakarta – which included the participation of government officials, garment producers and brokers, fabric producers, development experts, etc. – helped to contribute to the ideas and strategies detailed here.

¹ Source: Indonesian Textile and Garment Association. API.

1. OVERVIEW – HISTORY OF OPPORTUNITIES AND CONSTRAINTS

Globalization continues to bring buyers and suppliers closer together, enabling buyers to demand. In many countries the most important industry is garment and textile manufacturing. This is true of China, Costa Rica, El Salvador, Honduras, Mexico, Peru, the Philippines, and Turkey, to name a few. For these countries, it has been their main source of employment and economic development for years, the catalyst of which has been their success in export markets.

There are many garment industry success stories from developing countries. These successes have been made possible through manufacture of competitive, high-quality products, and the ability of producers to develop and implement imaginative business plans to penetrate international markets. Successful strategies have been based not only on traditional market standbys like low-cost labor, market proximity, or zero import duty status, but also by improvements in areas such as: Customer service, production speed and flexibility, and product development. In other words, competitiveness can be improved through the efficient, standardized production of high-quality products, and the support of helpful and timely client/customer service.

At the same time, it is extremely important to have strong government support. This is critical for the delineation of strategic commercial regulations, especially through the negotiation and subscription of free-trade agreements. The gradual elimination of import duties through free-trade agreements can lead to lower, more competitive pricing of goods. This is, in fact, the epitome of the practical application of *Economic Integration and Globalization* theory, and should be clearly understood by business management executives in Indonesia. In addition, government support needs to include establishment of internal regulatory schemes that provide favorable conditions in which to operate the garment industry. This vital government support will help to create the conditions necessary for the garment sector to penetrate international markets.

Research and site visits to Indonesian garment factories and private business associations in the cities of Jakarta and Bandung revealed a number of major constraints that are limiting competitiveness and international market penetration.

1.1. FULL-PACKAGE SERVICES

Currently, the garment industry in Indonesia is sustained primarily by *cut and make* (CM) private label orders from international buyers, mainly the United States and Europe (31 and 22 percent of Indonesian clothing exports, respectively²), while some factories do also fill *cut, make, and trim* (CMT) orders, which involves including buttons, embroidery, labels, shoulder pads, zippers, etc. In CM and CMT contracts, factories contract only for labor (and not distribution). Indonesian firms have not yet explored the feasibility of *full-package* (FP) contracts, which include directly sourcing raw materials (fabric and thread), manufacture, and distribution of product to international markets, including delivery to customers after the payment of import duties.

Every firm surveyed for this study expressed the need to increase profits, and FP pricing and contracting could greatly improve Indonesian manufacturers' competitiveness and profitability.

² Source: World Trade Organization. 2005

However, to date, local firms have focused primarily on lowering wages or increasing productivity in attempts to increase profits. Therefore, it is important to understand the breakdown of production costs for Indonesian garment businesses. Table 1 is a theoretical cost per unit breakdown that may be seen in a CM or CMT pricing.

Table 1. Theoretical breakdown of finished garment production costs per unit.

Unit component	Percent of cost/unit
Fabric	50-62
Direct and indirect labor	17-20
Miscellaneous materials	12-14
Packaging	3-8
Laundry and finishing	2
Transport	1

Source: Author's elaboration.

As shown above, CM and CMT labor costs account for about seventeen to twenty percent of the cost of each unit produced. And, given that most Indonesian garment producers try to squeeze extra profits from this budget line, it can be difficult to do so. Other strategies to increase profits attempted by producers include investing in technology or altering production methods to improve productivity, reducing energy consumption, improving fixed-cost efficiency, and implementing quality control to reduce manufacturing mistakes.

Most factories have indicated that available labor provides Indonesia a real competitive advantage. However, finding skilled workers is a problem, and companies are investing time and money to train workers *during* production. In addition, while there is a large textile industry in Indonesia, there are raw material style, variety, and pricing issues. Therefore, a lack of skilled labor, and supply chain issues combine to reduce Indonesia's competitiveness with firms already providing FP services.

In order to improve their competitiveness, Indonesian garment manufacturers need to be able to source fabric supplies directly (locally or internationally) in order to control up to 70 percent of the total cost, instead of the only 17-20 percent possible through manipulation of wage levels. This would give them the ability to improve their existing products, and allow them to expand their product offerings, including. This can be accomplished through two main activities. First, work to *develop a network* of reliable, competitive fabric suppliers. And, second, develop the ability to *provide full-package services*.

Indonesian garment manufacturers must *develop a network* of fabric suppliers that offer variety, volume, and competitive pricing. They can follow the lead of international buyers like those in the US and Europe, who have developed, and continue to develop, their supplier networks with textile firms whose products and business practices meet approved technical standards. Such standards should apply to fabric characteristics such as shrinkage, weight, color fastness, and production practices including laboratory certifications, construction and structure permanent development, price points, volumes, minimums, and delivery lead times.

While there are some reliable and competitive domestic fabric suppliers, manufacturers can also look to places like China, Taiwan, and Korea to develop their network. In fact, it is important to always be on the look out for different fabrics, and different fabric suppliers. During a recent seminar in Jakarta, a quality control representative from a large US brand emphasized the importance of always

looking to expand supply networks. In other words, in order to maintain competitiveness, the work of developing a strong supplier network should never end.

Therefore, it is important to keep in mind that the garment business is not only a labor business; it is also a fabric development business. Fabric accounts for approximately 50 percent of the final cost of a garment, and fashions and trends are always changing – new colors, knits, styles, structures, weights, yarns, texture, etc. For this reason, garment sector competitiveness and potential market access rely not only on a cheap labor force, but also and more important, in access to fabric options with competitive prices.

Second, Indonesian garment producers must develop the ability to *provide full-package services*. Today, as a rule, international buyers are selecting their vendors based on their ability to provide FP services. This relates directly to competitive end-market pricing. The overhead of buyer's administrative offices is quite high because of the logistics involved in a garment purchasing process: fabric sourcing, fabric development, fabric quality control, shipping dates, tolerance of technical specifications, and logistics to supply the fabric to the manufacturing facilities on a timely basis. Transferring this responsibility to the garment producer is very appealing from the buyer's perspective in order to reduce their internal administrative costs. In particular, several large US brands are actively searching for FP producers. This is strong evidence to suggest that, by becoming able to provide FP services, a manufacturer greatly increases his competitive edge.

This is precisely the way to improve Indonesian competitiveness, by better controlling prices and by developing closer relationships with buyers through provision of more sophisticated services. Full-package services can help Indonesian manufacturers meet these goals.

1.2. MARKET APPROACH

Every garment manufacturer surveyed for this study contracts with international markets through buying agencies (brokers) located in Jakarta and Singapore. This is primarily because Indonesian garment producers lack the know-how or motivation to approach international clients directly. Producers, through their brokers, are typically only targeting the “private label” market segment. However, if producers were to better utilize brokerage services, or work to access international clients directly, they could greatly expand their targeting of international market segments.

During the course of research it became clear that few, if any, managers – even from the largest companies, had ever visited the offices of their clients. Nor had they observed the end-markets in which their products are sold. Such visits would be invaluable, giving producers a better understanding of consumers at the retail stage. During company surveys only one, FIT-U, a large, competitive firm in Bandung, had tried to find buyers directly, and with limited results. Today, brokers are handling virtually all of the marketing and sales for Indonesian garment firms. Here, brokers are an integral part of the garment business culture. But their help does not come cheap. Brokers charge a variable commission that ranges from five to fifteen percent of the Free On Board (FOB – a.k.a. product not shipped to end-market and duty not yet paid) price.

Reliance on brokers constrains Indonesian garment suppliers' competitiveness by increasing product prices. This reduces their competitive position against other players (e.g. China, Central and South America, and Eastern Europe) who have already eliminated or minimized this additional cost component from their cost structures. Therefore, reducing the dependence of Indonesian garment firms on brokerage services will help to increase their competitiveness and expand their access to international markets.

In CM and CMT operations in Indonesia based on EXW or FOB prices, the profits of most garment companies range from just three to seven percent and they have the largest portion of investment and risk in the business. (Note: Ex Work does not include product delivery; often synonymous with FOB). This is because they are managing all fixed costs (energy consumption, depreciation, administration, infrastructure, maintenance, overhead, etc.), as well as labor cost responsibilities, production flow, financing, training, etc. On the other side, the broker is also making profits, but with low expenses and relatively low risk.

Brokers provide valuable services requiring specialized knowledge. But it is possible to transfer this knowledge to producers, which would provide them with more opportunities to increase their profits and competitiveness. However, this would be a challenging change to make. Three such challenges and considerations are discussed on the following pages.

First, garment producers are accustomed to business arrangements where they are not responsible for finding clients directly. They feel that it is easier to work through brokers by shipping FOB from Jakarta, and are not interested in considering work based on Landed, Duty-Paid (LDP) price quotes. However, Indonesian managers need to understand that the price that matters most to the final buyers is the *LDP price*, and not the EXW or FOB price. On the LDP price, there are additional factors to be considered:

- Broker commissions.
- Shipping logistics from Jakarta to final destination ports (e.g. Rotterdam, Berlin, Tokyo, Los Angeles, San Francisco, Newark, etc.).
- Insurance and freight costs for twenty or forty-foot containers, air transportation to final destination entry port.
- Import duties to be paid after releasing the goods from customs (a.k.a. LDP). *Note: Import duty ranges from eight to twenty percent in Europe and the US.*

For buyers, the most important number is the price (usually the LDP price) that will be applied at the wholesale or retail stage. And the final retail price is about four-times the LDP price. For example, a garment production cost of US\$4 LDP, would be priced at US\$16 for the consumer at the retail stage. Thus, the competitiveness of any producer or supplier needs to be based on LDP prices, which is typically the international standard in the garment business. However, Indonesian suppliers are currently pricing and shipping FOB Jakarta, only.

Today, the trend is for buyers to find suppliers that have the ability to provide full-package service, based on LDP prices and service deliveries. Companies that have the ability to build these business relationships will have a competitive advantage in the international garment sector. To fully understand these economic dynamics, and to better target market entry points, Indonesian firms will need to closely study the behavior of the end-market.

The second issue regarding brokerages is that their intermediation services are usually only most useful when their offices are indeed physically located at the final market. For example, if your broker is based in Singapore, it will likely add another layer of complexity to a deal with a buyer from South America. This can complicate logistics and customer service, among other things.

Producers from around the world, mostly from China, and Central and South America have long understood that customer service is the foundation of the garment business. Customer service can be more important than a cheap labor force, or zero import duties. Buyers want to have direct communication channels with their suppliers, and not have to wait 12 hours for a response due to time zone differences. If any problems or needs arise, a supplier representative actually located in the

final market can immediately help a buyer work through the issue. This creates peace of mind, and is one of the best marketing strategies – having sales offices, supply personnel, or even brokers located “in the market” (e.g. in Los Angeles, New York, Milan, Amsterdam, etc.).

Therefore, should Indonesian suppliers wish to continue using brokerages, they should aim to find brokers located in the final market, rather than in Jakarta. The third challenge is simply searching for new customers in the big, complex international market. This is the primary challenge which leads Indonesian producers to subcontract the services of buying agencies. Success in the garment business starts with understanding what the market demands (i.e. FP services, fashion and design, volume, and competitive prices). And quality is a must. While producing quality goods is no longer considered to give a competitive advantage, lacking quality virtually guarantees failure.

Once a producer has a handle on what the garment market demands, a producer needs to find buyers. Generally, Indonesian producers lack international market knowledge or the know-how to reach international buyers directly. Nor are they often skilled in developing technical specifications packages, marketing tools, a corporate image, or proven sales strategies. But there is hope. Producers surveyed in Bandung indicated a strong interest in learning these skills. They have recognized the need to develop such skills and abilities to stay competitive in today’s market.

1.3. PRODUCTIVITY AND COST REDUCTION

The key to an efficient sewing workroom layout is to concentrate on reducing production steps and movement, which saves time, which saves money, which increases profits. There are different areas that need improvement in each company based on the technology they have, production methods and quality control systems they use, and their costing structures and administration practices. Following are summaries of seven areas which can constrain the Indonesian garment sector:

- **Pattern making and design.** In general, larger producers are already efficiently using pattern making systems (e.g. Gerber, Investronica, and Lectra). Constraints occur when fabric supplies or specifications are limited. For smaller companies that are supplying to local market, there is usually no fashion or design involved; only basic products are produced.
- **Cutting.** Variations in production methods, quality controls, administration of technology, qualified human resources availability and investments are of better control, due to the simple production characteristics. However, fabric waste is very high in many factories, as they are not properly controlling the fabric consumption. In addition, not all factories are controlling fabric shrinkage, damaged fabric, or color fastness before cutting, which are the most common defects in the garment industry. Such procedures should be standardized at all factories.

Almost none of the larger companies have automatic cutting systems, save for Gerber and Investronica. However, use of these laser-guided robotic systems can improve the productivity of two workers by 500 percent! Unfortunately, only one factory surveyed for this study was found to have this system, but it had broken more than six months previous and was still awaiting repair. On the upside, these survey results indicate the presence of an enormous opportunity for Indonesian producers to increase production and productivity. Incorporating automated cutting technology into Indonesian factories has the potential to greatly reduce costs, and increase profits and competitiveness.

- **Sewing.** The success and efficiency of sewing operations depends on layout, garment segment, equipment, and worker skill. And using a part numbering system is one of the best available techniques for improving sewing and finishing efficiencies. However, not all the surveyed

factories use these production techniques and this is one of the reasons for low sewing efficiency. While some firms are performing at up to 85 percent efficiency, others are barely reaching 50 percent efficiency. And, although companies may wish to upgrade their tools and technology, first they must increase the efficiency of their workers.

The time element in production, denominated as “minutes control per operation per garment,” is the central costing analysis at any sewing factory. It determines the direct labor cost, as well as worker efficiencies. Nevertheless, only four factories in Bandung use this costing and production control methodology. The rest of the factories are calculating daily quotas based on workers’ daily results, essentially letting the workers set production levels. This is one of the biggest challenges facing Indonesian factories. Managers need to run the business, rather than letting the workers run the business.

This constraint is directly related to Indonesian wage policy. Paying workers a flat daily wage is negatively affecting productivity in garment factories. Workers have no incentive to become more productive. A slow, inefficient sewer earns the same amount of money as a faster, more efficient worker. Therefore, efficiency is affected and there can also be an adversarial relationship between workers and the administration. This issue was widely discussed with most company owners and managers during site visits, and they have shared their interest in learning how to manage this problem based on production bonus internal policies.

- **Finishing and pressing.** Most factories are doing a good job in these areas. Nevertheless, there is still room for improvement in order to adjust to international market needs. Not all factories are taking measurements of finished garments after pressing, and more important, most do not even have a list of size specifications posted at each work station. This is one of the most important issues in any quality control system: Confirming the finished size of every single garment produced. And it is important that there are no flaws that affect the appearance of the finished garment.

There are several techniques to improve ironing productivity and quality. Regardless of the type of iron used, a track system must be installed over the table (not one factory was observed to have this system during site visits). The purpose of the track system is to keep the power cord from interfering with the movements of the worker, enabling the entire table to be utilized. Factories could purchase track systems or make their own. From these tracks, a retractable spring suspends the iron, requiring slight downward pressure from the worker to facilitate garment pressing, thus improving efficiency by 30 to 40 percent. Or, to increase productivity even further, factories could invest in Metasti-brand automatic-feed pressing machines. (Metasti is an Italian manufacturer of hi-tech sewing and pressing equipment.)

- **Quality control.** Production mistakes are one of the biggest causes of lost time in the workroom. At least one finished garment quality defect was observed in every site visit. Mistakes reduce income and lay waste to production schedules. The cure for mistakes is to avoid them through good discipline and the support of a Quality Control System or Production Manual – formal documents that detail a company’s quality control policies and procedures.

Every production factory, no matter its size, needs to consider quality control procedures. The foundation of quality in the garment industry is statistical controls. As the masses of unassembled fabric pieces are fed into a garment factory must be kept track of, so must the assembly processes. This is best accomplished through on-line inspections and final audits. Taking this one step further, it serves the interest of every factory to formalize these procedures, and the quality control policies that require them.

Effective quality control demands that mistakes be identified as soon as they happen. Therefore, it is necessary to oversee every operation in order to verify that it is properly performed. When a mistake or deviation from standard operating procedures is observed, it should be pointed out to the worker in order to avoid repetition of the mistake. Finding mistakes once garments are finished is more costly. It negatively affects production flows, and can lead to financial losses.

While some Indonesian factories have very good quality control (especially those that work for major US brands like Old Navy, Banana Republic, and Gap), not all companies have such strict quality control policies and procedures. And these problems are not limited to small companies; large companies, too, fail to find product flaws until they reach the finishing room. Further, international buyers demand formal quality control systems. Often these systems are based on final audits which use statistical analyses based on military standards or Acceptance Quality Levels (AQLs). These quality control systems require random evaluation of a small sample of garments, either during production, or of finished garments. This quality audit method is used to determine if a production lot meets acceptable quality standards.

- **Embellishment.** This is a marketing tool used to incorporate ornamental elements into products. Embroidery or screen-printing changes the look of a garment and adds value from a customer's perspective, thus increasing its price. This practice is typically used to better position a brand, as well as to improve competitiveness. Embroidered garments have a specific market and they require specific levels of productivity and quality. Only a few Indonesian factories have embroidering machines, and most of them are outsourcing, working with lower-end, low price, large volume producers, which is very different from trendy, high fashion products, characterized by large volumes and high prices.

Screen-printing is an alternative embellishment. Garment factories, especially the tubular fabric (t-shirt) producers, create the highest demand this embellishment technique. In this market segment, printing demands are massive and quick response is fundamental. Printing techniques are varied and include plastisol, waterbase, discharge, high density, etc., that will provide added value to the final product. Embellishments are the trend in the US and Europe and should last for the next few years, thus it is strongly recommend that Indonesian companies evaluate what is coming from the market side in order to adjust their equipment and selling strategies.

1.4. GARMENT INDUSTRY SERVICES

Most Indonesian factories are not members of textile and garment associations. Of interviewed companies, only four have association membership: One to the Import Export Association in Bandung, and three to the Indonesian Textile and Garment Association (API) in Jakarta. Interviews with both associations indicate a need to provide business development services (BDSs), in addition to advocacy activities to encourage garment producers to become active members.

These two associations are very different. The Import Export Association in Bandung is small, with only 54 garment companies as members. It has limited information capabilities and only a few staff to promote the association. Moreover, the association does not provide export promotion services or international market basic information. API is much more organized and has a more solid structure. They have 1,056 members – 70 percent from the garment sector and 30 percent from the textile sector. They have fourteen representatives in cities around Indonesia and have expressed interest on becoming strategic allies with SENADA by signing a Memorandum of Understanding to share efforts for the sector's benefit.

API states that the major problems of the garment sector include government regulations (e.g. customs procedures), old machinery and out-of-date technologies, and lack of knowledge regarding: Market approaches, business practices, and fashions and trends. Regarding garment industry training and capacity building issues, every factory surveyed complained of a dearth of technical institutes or training centers to support the garment sector, despite the existence of the *Textile Academy* and the *Bandung School of Textiles*. In short, there is strong interest and need for specific garment industry skills training, including pattern making, sewing, cutting, finishing, printing, etc.

2. STRATEGIC ACTIVITIES

The objective of any business strategy is to find customers. This can be done by using intelligent marketing tools, and by offering competitive products and services. Strategic activities should: Build the capacity of executive management to improve production and reduce costs; raise technical awareness to improve and standardize product quality, which will attract new customers; improve producers' ability to adjust production, quality standards, and product engineering techniques to improve the business cycle; identify appropriate support services to facilitate access and penetration of international markets.

There are four main factors to address in developing Indonesia's garment sector strategic action plan:

- **Factor 1:** Full-package service development. Develop strategies and activities to encourage Indonesian garment producers to learn the skills necessary to finding fabric and trims suppliers, as well as logistics to ship finished garments to international markets final ports of destinations (LDP costing), in order to provide full-package (FP) services to current and potential buyers.
- **Factor 2:** Improve productivity. Provide productivity methods know-how to reduce costs and improve competitive advantages. This will make firms more attractive to international clients, mainly in the US and Europe.
- **Factor 3:** Market approach know-how. Encourage producers to develop their marketing tools, design and implement market access strategies, and meet with international clients directly. Raise producer awareness of international market demands. This will improve understanding of the advantages and disadvantages of working on a CM or CMT contract basis. It will also improve understanding of the advantages and disadvantage of finding clients directly vs. through buying offices (brokers).
- **Factor 4:** Connecting services. Develop a network of industry support services with potential strategic alliances to interact among all needs of the industry value chain.

2.1. FACTOR 1: FULL-PACKAGE SERVICE DEVELOPMENT

Indonesian factories need to progress from selling FOB from Jakarta based on labor contract orders, to providing full-package (FP) services. To achieve this result, information and know-how must be transferred to the top levels of management in Indonesian garment companies. This will be challenging since one of the key constraints in the industry is the family-oriented business style. However, this can be addressed by encouraging firms to move towards established, successful corporate organizational structures to modernize management and market approaches.

SENADA can assist in promoting linkages between Indonesian fabric and garment producers, and linkages between Indonesian garment factories and foreign fabric suppliers. It is necessary to build a new business culture in order to change Indonesian companies understanding that the labor advantage is the only competitive advantage that counts for success, towards providing full service as the international market trend and demand. This is a challenge and task that SENADA should pursue with a long-term strategic vision.

Indonesian businessmen need to understand that it will only become harder to maintain their market share once China's quota limits are lifted after 2008. Making garment market access even more challenging, other global players are also updating their market access strategies to stay competitive. Therefore, Indonesian producers who simply to hope that cheap labor will continue to give them a competitive market edge will be left behind.

Suggested activities include:

- **Create a fabric supplier network.** Research, develop, and systematize information on fabric suppliers in Indonesia and the region, including the following categories.

FACTORY NAME	FACTORY CONTACT INFORMATION	FABRIC STRUCTURE ALTERNATIVES	FABRIC CONTENT	FABRIC WIDTH & WEIGHT	PRODUCTION MINIMUMS PER COLOR	PRODUCTION CAPACITIES	SAMPLES LEAD TIMES	PRODUCTION LEAD TIMES	PAYMENT TERMS	QC CERTIFICATION	CURRENT CUSTOMERS	VENDOR COMPLIANCE

This information cannot simply be collected by searching the internet. Fabric suppliers (domestic and international) will first need to be convinced of the demand for their products from Indonesian garment factories. This will motivate them to provide the information in the table above. This should not be difficult, however, since by the simple nature of business, fabric suppliers are interested in promoting their products. Information from suppliers can likely be collected through phone calls, site visits, and simple quote requests.

This information should be shared with all garment producers in the country and presented through a formal workshop or seminar to explain how this information was collected, what were the main concerns from the fabric suppliers' perspective and to continue developing competitive advantages for the garment sector.

- **Raise awareness and build capacity regarding technical specifications.** For Indonesian exporters that work on a contract basis to export finished garments to Europe and the US, fabric quality and supply is usually the responsibility of the subcontracting company. However, Indonesian garment producers must learn how to source materials (fabric, thread, etc.) directly, in order to be able to provide clients with full-package (FP) services. It is strongly recommended that manufacturers build close business relationships with material suppliers. These relationships will facilitate negotiation of quality specifications and prices. A training manual could be researched and developed to detail the characteristics and technical specifications of the most important fabrics and finished garments in domestic and international markets. This manual should include discussion of the following:
 - *Frequent thread/yarn quality problems.* Width irregularity by type (cotton, polyester, silk, etc.), twisting, contamination, pilling, massive handling, elasticity, etc.
 - *Capabilities of circular flat machines for the production of different sewing styles.* Such as mini-jacquard, auto-stripping, double-knitting, straight-knitting, etc.
 - *Capabilities of rectilinear machines for the production of accessories* – necks, collars, cuffs, etc., which are central to the production process.
 - *Characteristics of tubular fabric for various t-shirt body sizes (XS, S, M, L, XL, XXL).* This size range is not yet fully explored in Indonesian garment production.

- *Fabric widths* – Widths directly relate to available fabric yield, which is a element of garment cost. Therefore, access to a variety of fabric widths is critical to maintain competitiveness.
- *Identification of quality problems in fabric and finished garments (knitted or woven)* – irregular thread/yarn, staining, mixture of production lots, broken needles, thread tension, color matching, etc.
- Identification of fabric resins to provide soft and supple cloth.
- *Techniques for color-matching control* – Spectrophotometers are used to provide “dye to match” (DTM) production capability. In addition, physical color verification between garment body and accessories (sleeves, collars, cuffs, etc.) is a must. This should be done under a variety of light conditions (daylight, fluorescent light, fading daylight, ultraviolet light, etc.). This type of color control utilizes a light box (e.g. Macbeth Light Box) to simulate different lighting conditions.
- Quality concerns requiring specialized laboratory certification – including: color fastness in washing; color fastness in dry cleaning, color fastness in water, color fastness in perspiration, color fastness in light, color fastness in non-chlorine bleach, shrinkage in washing, shrinkage in dry cleaning, twisting in washing, bursting strength, and fabric pilling.

Note: It is fundamental that companies in Indonesia can obtain these or similar certifications from suppliers (domestic or foreign). Producers need to be able to document these types of quality certifications for clients, which is usually accomplished through a company’s “presentation letter.” Such documentation is vital to producers’ ability to effectively market their products to buyers.

- **Develop informational material.** Indonesian garment firms need to raise their awareness of many things, including market conditions, demands, and regulations. Therefore, a strategic activity is to develop informational material including brochures or handbooks regarding issues like customs regulations. In particular, a brochure detailing tax exemption programs and “bounded zones” for imported fabric and trims would be useful. This information is important for all garment companies, especially as they develop their FP service capabilities. Development and production of informational brochures and handbooks will help to build the capacity of Indonesian garment producers and will help to increase competitiveness.

As producers become familiar with such tax exemptions, they will be able to temporarily import cotton fiber or yarn which will help to promote partnerships with local fabric mills. These partnerships will strengthen relationships between domestic suppliers and producers. These partnerships will also lead to the development of quality Indonesian fabrics that garment producers can then incorporate into their FP service strategies. Further, the use of domestic suppliers will improve order lead times, increasing producers’ competitiveness.

- **Develop a logistics network.** Compile information regarding the capabilities of logistics and transport firms that serve Jakarta. This information will result in a network of logistics firms that Indonesian producers can incorporate into their FP service strategies.

Transport Company Name	Company Contact information	Ocean or Air routes	Frequencies Daily, Weekly Monthly	Ports of Destination (exports)	Boarding Ports (imports)	20" price	40" price	Volume weight price	Net weight price	Insurance % of price	Documents needed to export	Transit time from/to	logistics documents at Jakarta Port

2.2. FACTOR 2: IMPROVING PRODUCTIVITY

It was clear from site visits that Indonesian factories have many different needs when it comes to improving productivity. Identifying and providing technical solutions for each needed improvement would be a daunting task. It would require technical assistance at every factory, or development of specialized training programs to improve issues regarding: Storage, cutting, sewing, finishing, packing, quality control, production control, efficiencies control, equipment modernization, embellishment, costing, and the list goes on and on. Instead, it may be easier to develop a production manual that would formalize production standards and procedures.

- **Production manual development.** A majority of Indonesian firms lack formal production manuals, which is a major constraint on their ability to develop business relationships. Further, it constrains their ability to produce large volumes of garments, while assuring consistent quality. Development of a production manual would help to formalize standards and procedures and would confirm each firm's commitment to producing quality products. Every apparel company in Indonesia is aware of the need to consistently produce quality goods; yet technical assistance is still needed to implement this concept. A major concern regarding Indonesian factories is that there are not clear written policies and procedures for ensuring production of high quality products.

In addition, subcontracting strategies of companies large and small need to be formalized. This will help to clarify contract terms and conditions, and quality requirements with suppliers. This should also lead to increased production capacities. This is essential to ensuring high quality garments. It will also strengthen relationships between suppliers and producers. The Indonesian garment industry value chain would be strengthened through the development of formal *production manuals*. Each firm's manual would clearly detail all procedures and quality standards for buyers, and should incorporate garment industry best practices. A formal production manual serves many purposes:

- It formalizes a company's intention to pursue access and penetration of international markets, and helps to facilitate the process.
- It will define a company's quality standards, policies, and procedures.
- It creates standardized quality control criteria which will contribute to more efficient interaction between production departments and quality inspectors.
- It can be included as a formal contract document between a branded international company, and a subcontracted Indonesian firm.
- It will help to reduce or eliminate misinterpretations or quality mistakes by providing clear written rules and specifications.
- It will: 1) facilitate timely product delivery; 2) ensure product technical specifications; 3) increase productivity; 4) standardize packaging procedures; and 5) standardize "minor" or "major" defect descriptions.

A formal production manual should include:

- | | |
|--|---|
| - Quality control policy | - Quality assurance procedures |
| - Product specifications | - Purchase order standards |
| - Material specifications | - Production code |
| - Finished product dimensions (and method for measurement) | - Defective merchandise guidelines; garment zones for defects |
| - Sampling process | - Quality assurance and vendor non-compliance charge back |
| - Standard sample evaluation | |

- Certificate of inspection
- Weekly production status report template
- Individual product packaging specifications and folding requirements
- Charge back policies
- Shipping requirements and procedures

- **Minute control and production bonus know-how.** Another major issue for Indonesian garment factories is to fully understand how to run production based on minutes control and to implement bonus policies for workers. The time element is the central costing analysis at any sewing industry as it will provide the direct labor cost. It is standard to calculate the minute cost based on the following simple suggested formula:

Minute Cost = $\frac{MWW}{AM * PE}$

Minute Control Example:
MWW (Monthly worker wage) = US\$200.00

AM (Available minutes per month) = 8 hours * 60 minutes * 24 days = 11,520 minutes
PE (Projected efficiency) of 70 percent = 8,064 minutes

Note: In order to project efficiency it is necessary to consider several factors: Change of sewing thread by colors, machine calibration and adjustments, bathroom time, manipulation, unexpected stops, and workers average skills (most efficient factories will reach 85 percent efficiency).

Minute Cost = $\frac{US\$200.00}{8,064 \text{ minutes}}$ = US\$0.0248 per minute

Once the minute cost is clearly defined according to this procedure, the final cost of any garment needs to be calculated which will be the result of how much time it will take to produce one single garment as well as mass production. Before starting the industrial production process, it is important to produce a test sample in order to understand all operations involved, construction issues, what machinery would be required, and time required for each operation. In this process, called “product engineering,” the simplest method to calculate minutes is by using a chronometer (watch or stop watch) to time each operation. An example of the operations and time required for producing a women’s long coat is detailed on the following page. *Note: production time/garment = total minutes required to produce a single garment.*

Production Time Analysis Results:

- The product has 37 operations.
- Total production time per garment is 85.6 minutes: 33.5 minutes in straight single needle machines; 4.4 minutes at over lock (serger) machines, 16 minutes in manual operations, 29.8 minutes in pressing, and 2 minutes for button hole.
- Expected efficiency for all workers is 70 percent.
- Direct Labor Cost is: 85.6 minutes * US\$ 0.0248 (Minute cost from example on previous page) = US\$ 2.10.
- In order to produce 50 garments per day on an eight hour shift with a 70 percent projected efficiency: 5 workers are needed for single needle operations; 0.7 worker is needed for over lock operations (this means than a single worker can perform this process for 70 percent of a day); 2.4 workers are required (this means that 2 workers for 8 hours, and a single worker using 40 percent of a day), 4.4 workers are necessary for pressing, and 0.3 for making button holes (a single worker can perform this for 30 percent of a day).

Table 2. Production Time Analysis Product: Classic Women's Long Coat

PRODUCTION TIME ANALYSIS PRODUCT: CLASSIC WOMEN'S LONG COAT					Required efficiency		Time		Daily garment			
					80%		100%		200			
					Available in minutes in 8 hours		480					
N°	Operation	Op. per Garment	Operation time (in minutes)	Total time per garment (in minutes)	Time per machine operation					Worker's		
					Single needle	Overlook	Manual	Press	Button hole	Single needle	Overlook	
1	Lapel preparation	2	1,3	2,7	2,7						0,4	
2	Shoulder and collar V and buttons	2	0,5	1,0	1,0						0,2	
3	Front collar line	2	0,5	1,0	1,0						0,1	
4	Lapel closure	2	1,5	3,0	3,0						0,6	
5	Structure of pocket in product (2)	2	1,2	2,4	2,5						0,4	
6	Structure of pocket (1)	2	1,1	2,2	2,2						0,3	
7	Back collar and collar structure	2	1,4	2,8	2,9						0,4	
8	Shoulder and collar structure (2)	1	1,0	1,0	1,0						0,1	
9	Body collar finish	2	0,7	1,3	1,3						0,2	
10	Body closure	2	0,9	1,8	1,8						0,3	
11	Front edge finish	1	0,9	0,9	0,9						0,1	
12	Back collar edge finish	1	1,4	1,4	1,4						0,2	
13	Sleeve collar	2	0,7	1,4	1,4						0,2	
14	Shoulder and collar structure	2	0,5	1,0	1,0				1,5			
15	Sleeve roll line	2	0,6	1,2	1,3						0,2	
16	Shoulder structure finish	2	1,0	2,0	3,8						0,6	
17	Shoulder edge in structure	2	0,9	1,8	1,6						0,2	
18	Body collar and collar finish	2	0,5	1,0			0,5					0,1
19	Front edge preparation	1	1,2	1,2				1,5				
20	Structure of shoulder edge	2	1,1	2,1	2,1						0,3	
21	Body collar finish and collar edge	2	0,4	0,7							0,1	0,1
22	Body collar structure	1	0,4	0,4	0,4						0,1	
23	Shoulder edge structure	1	0,3	0,3							0,0	0,0
24	Shoulder finish in edge	2	0,5	0,9							0,1	0,1
25	Shoulder edge in edge	2	0,3	0,5							0,1	0,1
26	Shoulder edge edge finish	2	0,3	0,6							0,1	0,1
27	Shoulder edge finish	2	0,3	0,6							0,1	0,1
28	Shoulder edge and collar edge	1	0,7	0,7							0,1	0,1
29	Preparation of body edge	1	0,8	0,8				6,5				
30	Body collar	2	0,2	0,4	0,4						0,1	
31	Body collar and collar (2)	1	0,3	0,3				5,0				
32	Internal collar	1	4,3	4,3								
33	Shoulder and collar structure	1	0,5	0,5								
34	Body collar edge	1	4,3	4,3								
35	Finalizing	1	1,5	1,5				1,5				
36	Shoulder and collar edge	1	0,5	0,5				0,5				
37	Button hole	1	2,0	2,0						2,0		
			64,7	66,0	38,6	4,4	16,0	28,8	2,0	6,0	0,7	

Source: Author's elaboration

The calculation of production minutes is not only a costing issue, but also a powerful production control tool in order to calculate daily production quota, for workers as well as for machinery. Control systems will establish check points to verify that the projected production at the projected efficiency is being performed on a daily basis. Therefore, the plant manager should clearly advise each worker of what their assigned operations are, as well as the requested daily production quota, thus, each worker will have clear production targets in order to reach this objective. These procedures combine to constitute the apparel scheduling system.

It is common that efficient factories will encourage the workers to produce above assigned daily quota so the workers will improve and speed up their skills reaching better efficiency or by working extra hours and getting paid a production bonus. Most workers will be motivated to work harder to increase their income. Yet, quality control must be strict as volume does not insure quality. There are several options to implement production bonus policies depending on each factory, garment segment, and production processes involved. The tools and training activities detailed in this section will help the garment sector to improve productivity for strategic areas of production.

2.3. FACTOR 3: MARKET APPROACH KNOW-HOW

Marketing technology and know-how is an important, dynamic element that needs to be addressed in the Indonesian garment sector. Increased awareness and capacity in marketing will increase appropriate “match-making” or “partner encounters” between producers and buyers. Important strategic issues to be explored are: I) the selection of export-ready Indonesian firms that have opportunities to explore international markets, II) the expansion of access to international markets with an eye towards creating win-win relationships for buyers and producers, III) defining the best marketing tools, channels, and strategic information for accessing international markets, and IV) developing end-market research activity for Indonesian garment sector.

For producers to gain new customers and increase sales, investment will be required in many areas. Producers will need to increase production and likely hire and train additional workers, all while maintaining their existing production capacities. They will need to improve productivity on all levels, manage their new business structure, expand subcontracting relationships with other small and medium enterprises (SMEs), etc. It will be challenging work, but increased strategic investment will expand their market share, which will have numerous positive multiplying effects for the Indonesian economy.

Indonesia garment producers are willing to explore international markets. Yet, they face lack of end-market knowledge, merchandising skills, or understanding of buyers and trend requirements. Therefore, it is necessary to raise the awareness of Indonesian garment producers regarding marketing tools and strategies, and methods for targeting potential market demand. The main strategic activity would be to perform a market analysis. The garments business is a driven by market tendencies (trends), fashion, prices, quality, customer service, and production response times. The Indonesian garment sector must fully understand these variables:

- **Response time.** There should be a full understanding of the time response that the market demands and where the strategy of reaching new markets and their segmentation will be guided.
- **Fashion development and design.** Professional support services in sales are an important marketing tool. Analyzing trends and market segmentation in order to provide the proper mixture of fashion and design is needed to attract and serve customers effectively. Deep understanding of communication mechanisms, sourcing materials and trims, product specification changes, and even adjusting to a designer’s whims will be necessary.

- **Marketing.** Indonesian garment factories need to promote a corporate image strategy and develop marketing tools. Moreover, promotional materials must be detailed. Such materials should include: A company profile, a promotional product presentations CD (with professional-quality product pictures), an informative and functional web page, a company catalogue that details production capabilities, vendor compliance certifications, etc. Buyers want to see a well organized company, great product development capabilities, and great service.
- **Market segmentation.** It is important to understand the end-market segments that would be of interest to Indonesian producers. There are many channels, actors, buyers, brokers, licenses, purchasing offices, etc. at end-markets that need to be identified and understood to facilitate buyer matchmaking with Indonesian producers. Based on this information a sales strategy can be designed and implemented. Below an elaboration of a potential sales strategy evaluation.

Figure 1. A theoretical sales strategy evaluation.



- **Full-package services to increase sales.** In order to be capable of providing FP services, companies should be able to source raw materials (fabric, thread, etc.) themselves. Garment businesses around the world are progressively changing to an FP supply strategy, as CM and CMT deals decline due to hyper-competitiveness. [There is simply an over abundance of players in the CM and CMT market segments (e.g. China, the Dominican Republic, Honduras, Mexico, Sri Lanka, Turkey, Vietnam, etc.).]

Indonesian garment companies need to convert to offering FP services in order to increase competitiveness, and improve international market penetration. Successful conversion to FP business will require a great deal of work and research. Specifically, logistics, import duties, internal transportation, etc., should be studied to fully understand the entire business cycle – from the manufacture through to the final market.

- **Vendor compliance with buyer requirements.** The working methodology of buyers (importers of finished goods) needs to be understood. Once product samples and pricing are approved, negotiation of purchase orders enters a technical audit stage called, “Vendor Compliance,” or “Code of Conduct.” Some evaluation elements include physical inspection of facilities to prove that they exist, to observe quality control practices, to insure that safety regulations are followed, to assess security, to observe their physical location to estimate product loading times, to insure that children are not employed, etc. However, smaller buyers – boutique or retail chains – may skip vendor compliance audits depending on order volume. This information should be analyzed from the end- market as well.

- *Merchandising channels.* There are several ways to find international buyers:
 - Attend trade shows
 - Meet with potential clients
 - Broker intermediation
 - On-site market development
 - Establishment of showrooms
 - Employ end-market representatives
 - Wholesales and licensing

It should be noted that a garment business with a single production location is considered a high risk by buyers. Therefore, having an established customer base always helps factories to have options to produce the entire year knowing that they will have alternative markets. Indonesian companies should always be searching for new customers to ensure that they remain competitive and can produce year-round. Understanding end-markets will help Indonesian producers develop and implement appropriate sales strategies. End-market analysis will provide the garment sector with the information needed to find appropriate market segmentation entry points.

2.4. FACTOR 4: CONNECTING SERVICES

There are many different garment industry actors in Indonesia: Government, the national export promotion office, garment associations, international donors, training centers, universities etc. These actors could become strategic allies with SENADA in order to share capabilities, and to identify business and training activities.

- **Garment sector associations.** It is recommended that SENADA build linkages with the Indonesian Garment and Textile Association (API) through the signing a Memorandum of Understanding. API has fourteen representatives and offices around the country, and a good reputation across the sector. API could become an important stakeholder for the garment strategy that will be implemented by SENADA. In addition, promote linkages between API and the American Textile Manufacturers Institute (ATMI), with the objective of exploring ideas for collaboration and shared activities, especially considering that the US is one of the largest cotton suppliers to Indonesian textile mills.
- **Training centers.** Determine how many training institutes, universities, and related special programs there are in Indonesia that share the objective of promoting the garment sector. Based on this information, training programs to improve productivity should be linked and coordinated with factory's needs and training center capabilities.
- **Government.** SENADA has the ability to interact with different branches of the Indonesian government to promote the garment sector. Moreover, contribute building a strategy towards long term Free Trade Agreements with major markets, especially with the US and Europe.
- **Firms.** One of the main strategic activities is to develop subcontracting services between large businesses, and small and medium enterprises (SMEs). This scheme is already working in some large firms in Indonesia with positive results. Increasing sales by gaining new customers will require investment to increase production, hire additional labor, occupation of any existent capacity. New investments will require more fixed costs and labor responsibilities. However, by subcontracting with SMEs, large companies are not only reducing their costs, but they are also transferring know-how to smaller companies. This strategy will improve Indonesia's garment sector capabilities and will encourage more firms to get into the export business.

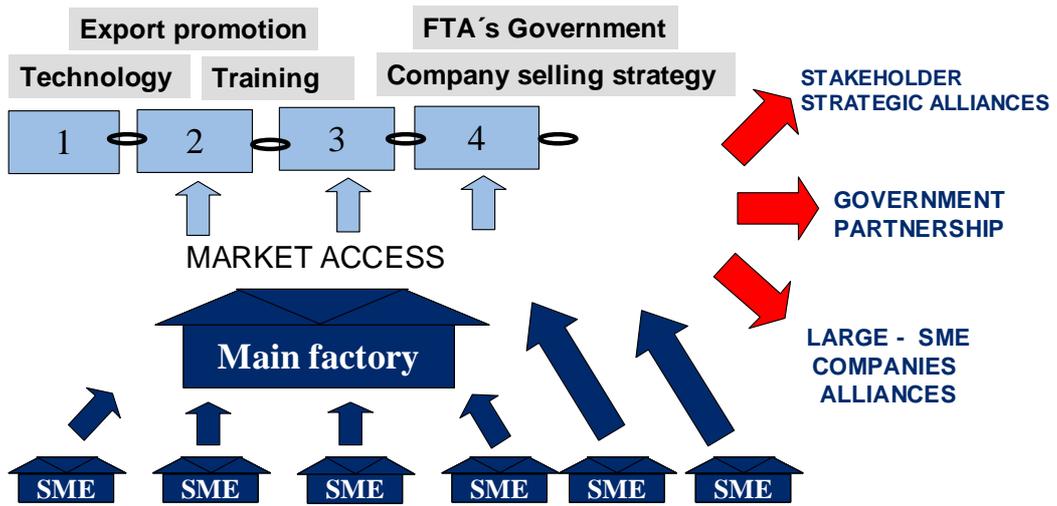


Figure 2. Connecting services involved in garment sector development.

3. CONCLUSIONS

Economic growth depends on a capable, diverse, aggressive, and dynamic private sector, and government support that facilitates competitiveness in domestic and international markets. The Indonesian garment sector is primed for growth. This growth can be achieved through increased competitiveness and international market penetration. While the garment sector faces an array of constraints, great growth opportunities are within reach.

This report details suggested strategies and activities – shaped by the inputs of a diverse cross-section of industry players – to help upgrade the industry and improve its market position. These concepts, business practices, and strategies can help to make Indonesian garment manufacturers more competitive, and expand their international market presence.

Foremost, Indonesian producers must come to realize that competitive labor costs alone do not guarantee success in the highly competitive garment market. Many other factors are critical to being competitive in today's garment markets. Producers must work to increase productivity, implement quality standards and procedures, and improve their overall understanding of markets and strategies for market access – in particular, by becoming capable of providing Full-package (FP) services.

APPENDIX

A. COMPANY PROFILES

1. ZAFHIRE

1. GENERAL INFORMATION	
Company Name	Zhafire
General Manager	Ms. Sari
Commercial Manager	Ms. Dian, Ms. Nia
Number Of Workers In Plant	60
Number Of Administratives	20
Address	Jn. Sukamenak N. 120a
Garment Sector / Cmt Capabilities	Men's, Women's, Children's / Muslim fashion
Phone	62-22-7081-3745

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's and children's woven	2000 in-house 4000 subcontracted.	10-30 adult 8 men's shirt 10-15 children's	80% domestic 20% imported	TRIMS SOURCING: 100% domestic PATTERN MAKING: Manual processes SEWING QTY: 30 EMBELLISHMENT: No capabilities CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	100%	0	0	Yes 1 to 3 days	local orders only. 30 days	Local sales	Own brand	Indonesia middle to high end Muslim fashion
2006	100%	0	0					

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other: **Outlets**

Late Deliveries Or Quality Charge Back Experience: Yes No ...**X**

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's and children's woven	6,000	100%	2 MONTHS	Business oriented to small runs due to limited local market volume

TOTAL CURRENT AVAILABLE CAPACITY: 0%. LIMITED MONTHLY PROJECTED SALES

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits		X	
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms		X	
Women's Restrooms		X	
Distribution Lines		X	
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE

PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's and children's woven	Sewing and finishing	80% of current production	Good	Factory is subcontracting "home" factories. Each factory has a range of 8 to 12 machines. ("Home" means that the factory is running at homes of the owners.)

7. QUALITY CONTROL AND PRODUCTION SYSTEMS

Quality Control System	100% final inspection only
Mill Works Meet Acceptance Quality Level-Military Standards	Yes No x
Monthly Average Rejected Product	2-3%
Most Common Quality Defects	a) fabric related (%): 80 b) sewing related (%): 20
Fabric Meets Aatcc And Astm Technical Specifications	Yes: No: x
Production Method	Assembly line
Minutes Per Garment Productivity	Factory does not know this production method. factory is at 50% efficiency
Minutes Control (Worker-Operation-Model) And Costing Methodology	Daily quota
Scheduling And Production Control Methods	Yes, but very limited information
Labor Training And Availability	Need skilled workers; currently training with all involved expenses.

8.- EXPORT PROMOTION AND MARKETING TOOLS		
CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES	X	
C) PRESENTATION CD	X	
D) COMPANY PROFILE	X	
E) WEB	X	
F) OTHER		X

9. PREFERRED PAYMENT TERMS
 LETTER OF CREDIT: MONEY WIRE CASH AGAINST DOCUMENTS OTHER : **RETAIL SALES. NO EXPERIENCE IN L/C OR OTHER.**

10 AFFILIATIONS TO ASSOCIATIONS
 YES: NO: **X** NAME OF ASSOCIATION:



FASHION DESIGN



SEWING LINE



CUTTING ROOM



TECHNICAL WORK SHEET



DESIGN DEPARTMENT



SHIPPING AREA

2. VILOUR

1. GENERAL INFORMATION	
Company Name	VILOUR
General Manager	Mr. Budhi
Commercial Manager	Unknown
Number Of Workers In Plant	150
Number Of Administratives	20
Address	AVAILABLE AT SENADA
Garment Sector / Cmt Capabilities	Men's, Women's / sportswear
Phone	AVAILABLE AT SENADA

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, and women's knit cotton sportswear	10000	4.5 to 6	80% domestic 20% imported	TRIMS SOURCING: 100% domestic PATTERN MAKING: Manual processes SEWING QTY: 100 EMBELLISHMENT: Embroidery and printing CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	100%	0	0	Yes 1 to 3 days	local orders only 30 days	Local sales	Own brand	Indonesia middle to high end sportswear
2006	100%	0	0					

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other: **Outlets/Retail**

Late Deliveries Or Quality Charge Back Experience: Yes No ...**X**

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, and women's knit cotton sportswear	10,000	100%	NOT INTERESTED FOR NOW	Business oriented to small runs due to limited local market volume

TOTAL CURRENT AVAILABLE CAPACITY: 0%. BUT NO FORECAST SALES OVER 3 MONTHS

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits		X	
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers	X		
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE

PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMENTS
Men's, and women's knit cotton sportswear	Sewing and finishing	Unknown	Good	

7. QUALITY CONTROL AND PRODUCTION SYSTEMS

Quality Control System	100% final inspection only
Mill Works Meet Acceptance Quality Level-Military Standards	Yes No X
Monthly Average Rejected Product	2,5%
Most Common Quality Defects	a) fabric related (%): 100 b) sewing related (%): 0
Fabric Meets Aatcc And Astm Technical Specifications	Yes: No: X
Production Method	Assembly line
Minutes Per Garment Productivity	Factory does not know this production method. Factory is at 55% efficiency
Minutes Control (Worker-Operation-Model) And Costing Methodology	Daily quota
Scheduling And Production Control Methods	Depending on workers daily assistance.
Labor Training And Availability	Difficulty finding skilled workers

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES		X
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE		X
E) WEB	X	
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT: MONEY WIRE CASH AGAINST DOCUMENTS OTHER : **RETAIL SALES. CASH.**

10 AFFILIATIONS TO ASSOCIATIONS

YES: NO: **X** NAME OF ASSOCIATION:



PATTERN MAKING



SEWING LINE



IN-HOUSE EMBROIDERY LINE



CUTTING ROOM



FINISHING ROOM

3. FIT – U

1. GENERAL INFORMATION	
Company Name	FIT - U
General Manager	Unknown
Commercial Manager	Jenny Juanita
Number Of Workers In Plant	4000
Number Of Administratives	50
Address	Moh Toha N. 215, Km. 7,3
Garment Sector / Cmt Capabilities	Men's, Women's, and Children's / shirts, pants, blouses
Phone	62-22-520-0822

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's and children's woven	Attached company profile	Children's shirt, 4; Men's shirt 7-9	China, local www.bapintri.com , Italy, Hong Kong	TRIMS SOURCING: 100% imported PATTERN MAKING: Lectra system SEWING QTY: Attached company profile EMBELLISHMENT: In-house embroidery CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	0%	100%	0% USA, 20% Europe, 10% Japan	Yes	6 to 12 weeks	FOB Jakarta	Old Navy, Gap, Banana Republic	Middle to high end
2006	0%	100%		1 to 5 days				

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes ...**X**.. No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Broker names: Lien Fong for Gymboree, and ITOTU for other brands.

Note 2: Broker factory works as "bounded zone" with direct custom supervision of their activities.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's and children's woven	Attached company profile	100%	DEPENDING ON THE MARKET THEY ARE OPEN TO GROW OR SUBCONTRACT	Excellent export garment company with full capabilities. They are interested in developing a study on how to implement a production bonus policy for their workers, in order to improve productivity.

TOTAL CURRENT AVAILABLE CAPACITY: 0%. FACTORY IS BOOKED UNTIL AUGUST

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room	X		
Showers	X		
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers	X		
Security Cameras	X		
Environmental Regulations	X		
Code Of Conduct	X		
Metal Detector	X		
Cutting Metal Gloves	X		

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE				
PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's and children's woven	Printing, washing	Not available	Good	

7. QUALITY CONTROL AND PRODUCTION SYSTEMS	
Quality Control System	100% in process and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ...X.. No
Monthly Average Rejected Product	2%
Most Common Quality Defects	a) fabric related (%): 100 b) sewing related (%): 0
Fabric Meets Aatcc And Astm Technical Specifications	Yes: x No :
Production Method	Assembly line factory has one air-powered production transportation system
Minutes Per Garment Productivity	Yes
Minutes Control (Worker-Operation-Model) And Costing Methodology	Daily quota
Scheduling And Production Control Methods	Implemented
Labor Training And Availability	DIFFICULTY FINDING SKILLED WORKERS FOR STRIPPED GARMENTS (current fashion trend)

Note: they have explained that there is no training center for workers in Bandung

8. EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES	X	
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB	X	
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:**X**..... MONEY WIRE CASH AGAINST DOCUMENTS OTHER :

10 AFFILIATIONS TO ASSOCIATIONS

YES: NO: **X** NAME OF ASSOCIATION:



QC CERTIFICATION



PATTERN MAKING - PLOTTER PRINTING



CUTTING ROOM



AUTOMATED AIR-POWERED SEWING LINE



PRODUCTION CONTROL SYSTEM



SEWING LINES



IN-HOUSE WASHING DEPARTMENT



FINISHING ROOM

4. BINACITRA

1. GENERAL INFORMATION	
Company Name	BINACITRA
General Manager	Unknown
Commercial Manager	Ibu Heni
Number Of Workers In Plant	2500
Number Of Administratives	50
Address	<i>AVAILABLE AT SENADA</i>
Garment Sector / Cmt Capabilities	Men's, Women's / shirts
Phone	7083-1717

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's woven shirts	100.000	Range 4 to 9	China	TRIMS SOURCING: China PATTERN MAKING: Gerber and Lycra System SEWING QTY: 1000 EMBELLISHMENT: Subcontracted CUTTING: Manual and Gerber cutting WASHING: In-house

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	50%	50%	75% USA, 25% Europe	Yes 1 to 15 days	8 to 12 weeks	FOB Jakarta	The Gap	Middle to high end
2006	50%	50%						

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Factory works with a Singapore buying agency.

Note 2: Final customer has visited the factory only once in five years.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's woven shirts	100.000	100%	They currently have 2 additional factories that do not have any load	Business philosophy issues - they are used to receiving orders from buyers only.

TOTAL CURRENT AVAILABLE CAPACITY: 0%. FACTORY IS BOOKED ALL YEAR

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms		X	
Women's Restrooms		X	
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves	X		

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE

PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's woven shirts	Sewing	Not available	Good experience with local sales	

7. QUALITY CONTROL AND PRODUCTION SYSTEMS

Quality Control System	100% in process and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes No X
Monthly Average Rejected Product	3.5%
Most Common Quality Defects	a) fabric related (%): 50 b) sewing related (%): 50
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No :
Production Method	Assembly line
Minutes Per Garment Productivity	No
Minutes Control (Worker-Operation-Model) And Costing Methodology	Per Dozen Calculation
Scheduling And Production Control Methods	Yes
Labor Training And Availability	Only for trimming, but limited for sewing

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES		X
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE		X
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT: **X** MONEY WIRE CASH AGAINST DOCUMENTS OTHER :

10 AFFILIATIONS TO ASSOCIATIONS

YES: NO: **X** NAME OF ASSOCIATION:



SEWING LINES



FACTORY OVERVIEW



IN-HOUSE ENERGY CENTER

5. SURYA MULIA

1. GENERAL INFORMATION	
Company Name	SURYA MULIA
General Manager	Joesoef Suryaman
Commercial Manager	Unknown
Number Of Workers In Plant	85
Number Of Administratives	16
Address	RAYA CI BEUREUM 27
Garment Sector / Cmt Capabilities	Men's, Women's, Children's / knits
Phone	62-22-601-1157

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's and children's knits	12.000	Range 2 to 4	Taiwan Indonesia	TRIMS SOURCING: Local PATTERN MAKING: Optitec System SEWING QTY: 28 EMBELLISHMENT: Subcontracted CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	20%	80	100% Europe	Yes 1 to 7 days	8 to 12 weeks	FOB Jakarta	Scaping	Middle to high end
2006	50%	50						

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Factory has sales broker in Jakarta

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's and children's knits	12,000	60%	1MONTHS	Medium-size company with export potential

TOTAL CURRENT AVAILABLE CAPACITY: 40%.

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits		X	
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE				
PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's and children's knits	Sewing	Not available	Good	Factory is subcontracting "home" factories. Each factory has a range of 8 to 12 machines. ("Home" means that the factory is running at homes of the owners.)

7. QUALITY CONTROL AND PRODUCTION SYSTEMS	
Quality Control System	100% final inspection only
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... X No
Monthly Average Rejected Product	10%
Most Common Quality Defects	a) fabric related (%): 20 b) sewing related (%): 80
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ...
Production Method	Assembly line
Minutes Per Garment Productivity	No
Minutes Control (Worker-Operation-Model) And Costing Methodology	Per Daily Outcome Calculation
Scheduling And Production Control Methods	Limited
Labor Training And Availability	Yes, but factory has to train the workers

Note: they have explained that there is no training center for workers in Bandung

8.- EXPORT PROMOTION AND MARKETING TOOLS		
CONCEPT	YES	NO
A) FABRIC SAMPLES		X
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:**X**.... MONEY WIRE CASH AGAINST DOCUMENTS OTHER :

10 AFFILIATIONS TO ASSOCIATIONS

YES: NO: **X** NAME OF ASSOCIATION:



PATTERN MAKING



CUTTING ROOM



SEWING LINE



MODERN SEWING EQUIPMENT

6. BUSANA CEMERLANG

1. GENERAL INFORMATION	
Company Name	BUSANA CEMERLANG
General Manager	WILLY NATAWIDJAJA
Commercial Manager	Unknown
Number Of Workers In Plant	850
Number Of Administratives	50
Address	MEKAR RAYA KAV 26
Garment Sector / Cmt Capabilities	Men Women Children shirts, pants, blouses 80% knitted/20% weaved
Phone	62-22-7800-351

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's and children's woven	150.000	Range 4 to 15	Taiwan Korea China	TRIMS SOURCING: Local PATTERN MAKING: Gerber System SEWING QTY: 600 EMBELLISHMENT: Subcontracted CUTTING: Manual cutting WASHING: Subcontracted

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	0%	100	100% Europe	Yes 1 to 7 days	8 to 12 weeks	FOB Jakarta		Middle to high end
2006	0%	100						

Sales Methodology:
A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

- Note 1: Factory works with buying offices.
- Note 2: Factory has attended fashion shows in Germany, Hong Kong, and Magic with no results.
- Note 3: Buyers are flexible to research new fabric suppliers.
- Note 4: Factory had previous experience working with the US market. They had payment problems with their buyer and decided to change to Europe.
- Note 5: Factory is very sensitive to China's quota status.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's and children's woven	150.000	100%	Depending on the Chinese quota status by 2009, they are open grow or subcontract	Export garment company with full capabilities. They are interested in developing a study on how to implement a production bonus policy for their workers in order to improve productivity.

TOTAL CURRENT AVAILABLE CAPACITY: 0%. FACTORY IS BOOKED UNTIL SEPTEMBER

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers	X		
Floor Lighting	X		
Lockers	X		
Security Cameras		X	
Environmental Regulations	X		
Code Of Conduct	X		
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE				
PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's and children's woven	Sewing	Not available	Negative due to quality issues	The reason to subcontract was because fabric was delayed from the supplier.

7. QUALITY CONTROL AND PRODUCTION SYSTEMS	
Quality Control System	100% in process and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... X No
Monthly Average Rejected Product	2.5%
Most Common Quality Defects	a) fabric related (%): 50 b) sewing related (%): 50
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ...
Production Method	Assembly line
Minutes Per Garment Productivity	No
Minutes Control (Worker-Operation-Model) And Costing Methodology	Per Dozen Calculation
Scheduling And Production Control Methods	Yes
Labor Training And Availability	Difficulty finding skilled workers

Note: they have explained that there is no training center for workers in Bandung

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES	X	
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB	X	
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:X.... MONEY WIRE CASH AGAINST DOCUMENTS OTHER :

10 AFFILIATIONS TO ASSOCIATIONS

YES: X NO: NAME OF ASSOCIATION: API



SEWING LINES



CUTTING ROOM



GERBER SYSTEM PLOTTER PRINTING



FINISHED PRODUCT

7. TRISNA

1. GENERAL INFORMATION	
Company Name	TRISNA
General Manager	Andreas Sudjana
Commercial Manager	Unknown
Number Of Workers In Plant	250
Number Of Administratives	30
Address	Kopo Cibolerang N. 44
Garment Sector / Cmt Capabilities	Children's / school uniforms
Phone	541-0407

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Children's school uniforms	50.000	Polo shirt, 3 Skirt, 3	80% China 20% Indonesia	TRIMS SOURCING: 100% domestic PATTERN MAKING: Manual processes SEWING QTY: 200 EMBELLISHMENT: No capabilities CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005		100	US 100%	Limited	6 weeks	FOB Jakarta	School Uniform	United States schools
2006		100	US 100%					

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Company has only one customer.

Note 2: Company imports fabric under tax exemption program.

Note 3: Buyer is flexible to source new fabric supplier.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Children's school uniforms	50.000	100%	2 MONTHS	Business oriented to small runs due to limited local market

TOTAL CURRENT AVAILABLE CAPACITY: 0%. They are booked until July.

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms		X	
Women's Restrooms		X	
Distribution Lines		X	
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE

PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Children's school uniforms	Sewing and finishing	80% of current production	Good	

7. QUALITY CONTROL AND PRODUCTION SYSTEMS

Quality Control System	100%in-line and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... No X
Monthly Average Rejected Product	Information not available
Most Common Quality Defects	a) fabric related (%): 80 b) sewing related (%): 20
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ...
Production Method	Assembly line
Minutes Per Garment Productivity	Yes
Minutes Control (Worker-Operation-Model) And Costing Methodology	Daily Quota
Scheduling And Production Control Methods	Yes, but very limited information
Labor Training And Availability	Need skilled workers. Currently training with all involved expenses.

8.- EXPORT PROMOTION AND MARKETING TOOLS		
CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:X..... MONEY WIREX..... CASH AGAINST DOCUMENTS OTHER : **RETAIL SALES.**

10 AFFILIATIONS TO ASSOCIATIONS

YES: X NO: NAME OF ASSOCIATION: Bandung Import Export Association



SEWING LINES



FOLDING FINISHED GARMENTS



IN-LINE QUALITY CONTROL INSPECTION

8. SAN SAN

1. GENERAL INFORMATION	
Company Name	SAN SAN
General Manager	Ibu Putri
Commercial Manager	Unknown
Number Of Workers In Plant	5614 (in four factories)
Number Of Administratives	349
Address	Cibaligo 33 Leuwi Gajah
Garment Sector / Cmt Capabilities	Men's, Women's, Children's, Baby's / woven
Phone	541-0407

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, women's, children's and baby's woven	1.000.000	Shirt 4 Sizes 2-8: 4 Sizes 10-16: 6	90% China 10% Indonesia	TRIMS SOURCING: 50% domestic/50% China PATTERN MAKING: Lectra SEWING QTY: 3778 EMBELLISHMENT: No capabilities CUTTING: Manual cutting WASHING: Subcontracted

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005		100	US 100%	Excellent capabilities	6 weeks	FOB Jakarta	Target Gap, OshKosh	Low to middle end
2006		100	US 100%					

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Target has representative office in Jakarta. Target allows new fabric suppliers development.

Note 2: Buying office, named "Lifung," is in Jakarta.

Note 3: "The Gap" buying office is in Singapore. Gap works with only nominated fabric suppliers.

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, women's, children's and baby's woven	1.000.000	100%	Only by subcontracting	Excellent export capabilities

TOTAL CURRENT AVAILABLE CAPACITY: 0% booked until november

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room	X		
Showers	X		
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations	X		
Code Of Conduct	X		
Cutting Metal Gloves	X		

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE				
PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, women's, children's and baby's woven	Sewing and finishing	Not available	Good	Interested in developing a chain of SME suppliers

7. QUALITY CONTROL AND PRODUCTION SYSTEMS	
Quality Control System	100% in-line and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... X No
Monthly Average Rejected Product	2.5%
Most Common Quality Defects	a) fabric related (%): 50 b) sewing related (%): 50
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ...
Production Method	Assembly line
Minutes Per Garment Productivity	Yes. Implementing a bar code system
Minutes Control (Worker-Operation-Model) And Costing Methodology	Yes
Scheduling And Production Control Methods	Yes
Labor Training And Availability	Available with good skills

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:X..... MONEY WIREX..... CASH AGAINST DOCUMENTS OTHER : **RETAIL SALES. NO EXPERIENCE IN L/C OR OTHER.**

10 AFFILIATIONS TO ASSOCIATIONS

YES: X NO: NAME OF ASSOCIATION: **API**



PRODUCT DEVELOPMENT DEPARTMENT



DEDICATED SAMPLE ROOM



CUTTING ROOM (METAL GLOVES)



MOTORIZED ASSEMBLY

9. LANCAR

1. GENERAL INFORMATION	
Company Name	LANCAR
General Manager	Unknown
Commercial Manager	Liana Tang
Number Of Workers In Plant	350
Number Of Administratives	20
Address	Bojong Buah Raya 5B
Garment Sector / Cmt Capabilities	Knitted polo shirts and t-shirts
Phone	589-5088

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Knitted polo and t-shirt	200.000	Polo shirt 4 t-shirt 3	80% Taiwan 20% Indonesia	TRIMS SOURCING: 100% imported PATTERN MAKING: Manual SEWING QTY: 230 EMBELLISHMENT: 1 machine 12 CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005		100	US 50%, Eur 50%	Yes 10 days	12 weeks	FOB Jakarta	Marc Lange Puritan	Low to middle end
2006		100	US 50%, Eur 50%					

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other:

Late Deliveries Or Quality Charge Back Experience: Yes No ...

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Visited by customers twice a year

Note 2: Company works with broker and is interested in direct contacts

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Knitted polo and t-shirt	200.000	100%	Only by subcontracting	

TOTAL CURRENT AVAILABLE CAPACITY: 0%. Booked until August

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms	X		
Women's Restrooms	X		
Distribution Lines	X		
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves	X		

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE				
PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Knitted polo and t-shirt	Sewing and finishing	10% of their order when needed	Good	Factory has 4 SME subcontracted that can produce their products based on new orders or temporary product congestion

7. QUALITY CONTROL AND PRODUCTION SYSTEMS	
Quality Control System	100% in-line and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... X No
Monthly Average Rejected Product	2%
Most Common Quality Defects	a) fabric related (%): 70 b) sewing related (%): 30
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ... Note: Factory has own laboratory for testing
Production Method	Assembly line
Minutes Per Garment Productivity	YES 15 minutes for Polo shirt
Minutes Control (Worker-Operation-Model) And Costing Methodology	"By hour" system
Scheduling And Production Control Methods	Yes. Factory has developed own software to control production
Labor Training And Availability	Need skilled workers. Currently training with all involved expenses

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES	X	
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:X..... MONEY WIREX..... CASH AGAINST DOCUMENTS OTHER : **RETAIL SALES. NO EXPERIENCE IN L/C OR OTHER.**

10 AFFILIATIONS TO ASSOCIATIONS

YES: NO: **X** NAME OF ASSOCIATION:



**CONVEYOR LINE AND AUTOMATED
PRODUCTION CONTROL SYSTEM**



FOOD PROVIDED BY COMPANY



CUTTING ROOM



**ERGONOMIC CHAIR TO
IMPROVE PRODUCTIVITY**

10. TRIYUDIA

1. GENERAL INFORMATION	
Company Name	TRİYUDIA
General Manager	Jusak Sulaiman
Commercial Manager	Unknown
Number Of Workers In Plant	200
Number Of Administratives	20
Address	Aruna N.ñ 7
Garment Sector / Cmt Capabilities	Men's, Women's / jeans
Phone	603-1746

2. PRODUCT INFORMATION				
PRODUCT	UNITS MONTHLY CAPACITY	CIF/FOB PRICE (US\$)	FABRIC ORIGIN	TECHNICAL SPECIFICATIONS PRODUCTION PROCESS
Men's, and women's jeans	20.000	7 to 8	100% Indonesia Apac Inti	TRIMS SOURCING: 100% domestic PATTERN MAKING: Manual processes SEWING QTY: 70 EMBELLISHMENT: No capabilities CUTTING: Manual cutting WASHING: No capabilities

NOTE: Prices are for market segment research purposes

3. MARKET INFORMATION

PRODUCT YEAR	LOCAL SALES %	EXPORT SALES %	EXPORTS %	SAMPLE SHOP AND LEAD TIME	BUSINESS CYCLE * QR/BSR/REG	TRANSPORT % OF COSTING	CUSTOMER'S NAMES	TARGET MARKET SEGMENT
2005	100%			Yes, but limited	12 weeks	Local sales	Jimmy & Martin	Middle to high end
2006	100%							

Sales Methodology:

A) Brokers B) Sales Office C) Business Trips D) Shows E) Catalogues F) Other: **RETAIL SHOP**

Late Deliveries Or Quality Charge Back Experience: Yes No ... **X**

* QR= Quick Response Programs. BSR=Basic Stock Replenishment Programs. REG=Regular Programs.

Note 1: Company is interested in exporting

4. PRODUCTION CAPACITY INFORMATION

PRODUCT	VOLUME CAPACITY (units)	Current used capacity %	ESTIMATED TIME TO INCREASE PRODUCTION CAPACITY BASED ON NEW ORDERS	COMMENTS
Men's, and women's jeans	20.000	90%	2 MONTHS	Good exports capacity. Need improvement in prices and design.

TOTAL CURRENT AVAILABLE CAPACITY: 10%.

5. VENDOR COMPLIANCE*			
Concept	Available	Not Available	In Process
Emergency Exits	X		
Fire Extinguishers	X		
Workers' Dining Room		X	
Showers		X	
Men's Restrooms		X	
Women's Restrooms		X	
Distribution Lines		X	
Showers		X	
Floor Lighting	X		
Lockers		X	
Security Cameras		X	
Environmental Regulations		X	
Code Of Conduct		X	
Cutting Metal Gloves		X	

* **Vendor compliance** is the Industrial safety and security guidelines required by international buyers.

6. SUBCONTRACTING EXPERIENCE

PRODUCT	PROCESS	VOLUME	POSITIVE OR NEGATIVE EXPERIENCE	COMMENTS
Men's, and women's jeans	Sewing and finishing	Not available	Good	Willing to subcontract based on larger orders

7. QUALITY CONTROL AND PRODUCTION SYSTEMS

Quality Control System	100% in-line and final inspection
Mill Works Meet Acceptance Quality Level-Military Standards	Yes ... No X
Monthly Average Rejected Product	2%
Most Common Quality Defects	a) fabric related (%): 20 b) sewing related (%): 50 c) washing related (%): 30
Fabric Meets Aatcc And Astm Technical Specifications	Yes: X No : ...
Production Method	Assembly line
Minutes Per Garment Productivity	No
Minutes Control (Worker-Operation-Model) And Costing Methodology	Daily Quota
Scheduling And Production Control Methods	Yes, but very limited information
Labor Training And Availability	Need skilled workers. Currently training with all involved expenses

8.- EXPORT PROMOTION AND MARKETING TOOLS

CONCEPT	YES	NO
A) FABRIC SAMPLES	X	
B) CATALOGUES		X
C) PRESENTATION CD		X
D) COMPANY PROFILE	X	
E) WEB		X
F) OTHER		X

9. PREFERRED PAYMENT TERMS

LETTER OF CREDIT:X..... MONEY WIREX..... CASH AGAINST DOCUMENTS.....X..... OTHER : **RETAIL SALES. NO EXPERIENCE IN L/C OR OTHER.**

10 AFFILIATIONS TO ASSOCIATIONS

YES: X NO: NAME OF ASSOCIATION: **API**



GREIGE FABRIC CUTTING ROOM



SEWING LINES



RETAIL STORE

B. SUMMARY OF ALL VISITED COMPANIES AND ASSOCIATIONS INCLUDES CONSULTANT PERSONAL COMMENTS REGARDING PRODUCTION, MARKET OPPORTUNITY, AND VENDOR COMPLIANCE ABILITIES FROM 1 TO 10

No.	COMPANY NAME	NUMBER OF WORKERS	FABRIC ORIGIN	LOCAL SALES	EXPORT %	US MARKET %	EUROPE MARKET %	OTHER MARKETS %	SALES METHODOLOGY	PRICE RANGE	GARMENT SECTOR	WILLING TO SUBCONTRACT	PRODUCTION QUALITY 1 to 10	MARKET OPPORTUNITY 1 to 10	VENDOR COMPLIANCE 1 to 10	COMPANY SIZE	COMMENTS SUGGESTED INITIAL ACTIONS
1	SURYA MULYA	101	TAIWAN INDONESIA	50	50		100		TRADING AGENCY IN JAKARTA	2 TO 4	KNITTED COTTON	YES	6	7	5	SMALL	PRODUCTION SYSTEM QUALITY CONTROL BUYERS/MARKET INFORMATION SALES TRAINING WORKER INCENTIVES SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP.
2	PT BINACITRA	2550	CHINA	50	50	75 THE GAP	25		BUYING AGENCY IN SINGAPORE	6 TO 9	WOVEN SHIRTS DENIM	YES	8	9	8	LARGE	TRAINING EMPLOYEES TRIMS SUPPLIERS FABRIC SUPPLIERS BUYERS/MARKET INFORMATION BETTER PRICING AND COSTING WORKER INCENTIVES SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP. FULL PACKAGE KNOW-HOW
3	FIT U	4050	CHINA	0	100	70 BANANA REPUBLIC - OLD NAVY - GYMBOREE - SPIRIT	20	10 JAPAN	BUYING AGENT LIEN FONT	7 TO 9	WOVEN	YES, SERVICES ONLY	10	10	10	LARGE	BUYERS/MARKET INFORMATION TRAINING EMPLOYEES WORKER INCENTIVES SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP. FULL PACKAGE KNOW-HOW LDP CAPABILITIES
4	VILOUR	170	UNKNOWN	100	0				RETAIL, SHOWS TV, SPONSORING	4 TO 6	KNITTED COTTON	YES	5	8	7	SMALL	WILLING TO EXPORT QUALITY CONTROL PRODUCTION SYSTEM SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP.
5	SHAFIRE	80	INDONESIA CHINA	100					RETAIL, OUTLET	12 TO 15	WOVEN	YES	6	5	6	SMALL	BUSINESS MENTALITY EXPORTS ORIENTATION PRIVATE LABEL ORIENTATION SALES STRATEGY BUSINESS PLAN
6	PT BUSANA	900	TAIWAN KOREA CHINA		100		100		BUYING OFFICE FROM CUSTOMERS IN INDONESIA	4 TO 15	KNITTED WOVEN	YES, BUT WITH CONCERNS	8	9	8	LARGE	CHINA QUOTA SENSITIVE-INVESTM. FABRIC SUPPLIERS BUYERS/MARKET INFORMATION

																	MARKET ACCESS MENTALITY SALES STRATEGY PRODUCTIVITY-BONUS BUSINESS PLAN MARKETING TOOLS DEVELOP. FULL PACKAGE KNOW-HOW LDP CAPABILITIES
7	PT TRISNA	280	CHINA TAIWAN INDONESIA		100	100 SCHOOL UNIFORMS			BUYING AGENCY	2 TO 3	KNITTED COTTON	YES	9	8	7	MEDIUM	EXPORTS MENTALITY MANAGEMENT SKILLS PRODUCTIVITY QUALITY CONTROL BUYERS/MARKET INFORMATION SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP.
8	SAN SAN	5963	CHINA		100	100 TARGET GAP OSHKOSH OLD NAVY MUNDIAL			BUYING OFFICE IN JAKARTA LIFUNG BUYING OFFICE IN SINGAPORE	4 TO 6	WOVEN	YES	9	10	9	LARGE	BUYERS/MARKET INFORMATION SALES STRATEGY COSTING PRODUCTION PRODUCTIVITY-BONUS BUSINESS PLAN MARKETING TOOLS DEVELOP. FULL PACKAGE KNOW-HOW LDP CAPABILITIES
9	LANCAR	370	TAIWAN INDONESIA		100	50 PURITAN MARC LANGE	50		BUYING OFFICE	4	KNITTED	YES	8	10	8	MEDIUM	TRAINING CENTER PRODUCTION SYSTEMS BUYERS/MARKET INFORMATION BUSINESS PLAN MARKETING TOOLS DEVELOP. LDP CAPABILITIES
10	TRIYUDIA	220	INDONESIA	100					RETAIL AGENTS	7 TO 8	WOVEN JEANS	YES	8	9	6	SMAL-MED	FASHION FIT AND PATTERNS EXPORTS MENTALITY SALES STRATEGY BUSINESS PLAN MARKETING TOOLS DEVELOP.
11	EXPORTER IMPORTER ASSOCIATION															54 members	INFORMATION NEEDS SERVICES NEEDS CREDIBILITY NEEDS EXPORT PROMOTION ACTIVITIES
12	API															1056 members	BUSINESS PLAN MARKETING TOOLS DEVELOP. MOU WITH SENADA MARKET APPROACH NEEDS

TOTAL WORKERS 14684
SMALL 3
MEDIUM 3
LARGE 4

Note: During the seminars in Jakarta and Bandung, informal interviews and interactions with 12 additional factories also contributed to the findings.

C. RECOMMENDATIONS FOR EXECUTIVES

Following are final recommendations for garment industry management executives. These recommendations will facilitate development of successful business plans.

1. Know your numbers! Know and understand overhead, salary, and profits and their relationship to each other. Know what you have to do with these numbers to make the income you need and deserve. They will also enable you to price correctly to make a profit and to compete as best as possible.
2. Educate yourself in business management based on corporate structure.
3. Invest in professional tools and equipment and concentrate on efficiency. Not only will your clients have more respect and confidence in you as a businessperson, but you will be able to produce and sell much faster.
4. Educate yourself in self-improvement. Most of you never hesitate to buy a book on fabrication or marketing techniques, but education on improving yourself—your attitude, your professionalism, your time management, etc.—is even more important. It helps you to win your customer's trust and close the sale. Learning about the latest technology and investing in it will show your clients that you are in business to stay and that you are trying to make yourself as efficient as possible in order to save them money.
5. Understand your market and narrow it down. Not everyone is your customer! You must understand and be able to describe your clientele. You must know to whom your clients are selling. If their clients can't afford a markup on your prices, then those customers and products are not for you. Learn to pre-qualify your potential clients and customers.
6. Learn to sell! Read books. Listen to tapes. Attend sales seminars. Learn how to read your customer. Learn the difference between features and benefits. Learn to identify what each customer wants and fulfill that need. Practice selling. Know exactly why your product is better than your competition's.
7. If you consider hiring, educate yourself on what is required to have employees. Employees mean taking on more responsibilities and expense. Be prepared to become a manager.

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