Implementing SCORE Cleaner Production in Apparel and Footwear Firms: Progress to Date

Building the capacity of apparel and footwear firms to implement the SCORE Cleaner Production program will improve their environmental performance and productivity, which in turn will help Indonesia create a greener and more productive economy.

Background
The TPSA project has been helping some of Indonesia’s apparel and footwear small and medium-sized enterprises (SMEs) improve their capacity to export their products to Canada. These two industries were selected because they have strong market potential in Canada, they employ millions of workers (the majority of whom are women), and the sector is an important source of Indonesia’s foreign trade. This selection is aligned with the Government of Indonesia’s export-oriented policy direction and with the Canadian government’s international development policy agenda of gender equality-based poverty reduction.

In addition to helping them access the Canadian market, TPSA helps Indonesian apparel and footwear SME exporters improve their environmental and social performance. Environmentally responsible products are gaining popularity in Canada and are essential to achieving a greener, low-carbon economy. One of TPSA’s main environmental improvement activities is helping participating apparel and footwear SMEs plan and implement cleaner production (CP) measures suited to their capacity and needs. The CP measures aim to achieve more efficient resource use and lower pollution and waste generation. Seven apparel and five footwear SMEs are participating in the program, which began in September 2017. The cleaner-production training modules are drawn from the International Labor Organization’s (ILO) SCORE (Sustaining Competitive and Responsible Enterprises) Program, which is specifically designed for SMEs employing between 50 and 250 workers. TPSA’s SCORE delivery partner is the ILO-approved Business Export Development Organization (BEDO), which has extensive experience delivering the program to Indonesian SMEs.

SCORE Program Description
Through a series of classroom training modules and personalized consultations and assessments, SCORE aims to increase SMEs’ efficiency, productivity, sustainability, and competitiveness.

The SCORE program offered by TPSA consists of 10 steps:
1. Introductory workshop on the SCORE program (held September 8, 2017, in Bandung).
2. Baseline assessment of participating SMEs (via individual visits conducted September 9–18, 2017).
4. First one-on-one technical assistance sessions to help SMEs implement workplace collaboration and effective housekeeping (completed September 22–October 13, 2017).
5. Second one-on-one technical assistance sessions to help SMEs implement workplace collaboration and effective housekeeping (completed September 22–October 13, 2017).
7. First one-on-one technical assistance sessions on cleaner-production implementation and coaching for improvement (completed October 18, 2017–April 22, 2018).
8. Second one-on-one technical assistance sessions on cleaner-production implementation and coaching for improvement (completed October 18, 2017–April 22, 2018).
9. Field study to learn real-life cleaner-production good practices (held February 26, 2018, in Bandung).
10. Final workshop for SMEs to present progress from baseline (held April 23, 2018, in Bandung).
11. Final one-on-one technical assistance to SMEs (to be completed June–July 2018).
12. Final assessment on how well cleaner-production practices have been integrated into companies' standard operating procedures (to be completed August 2018).

Steps 1 through 9 were reported on in the following earlier Activity Briefs:


‘The final workshop on results enabled us to share practical knowledge about SCORE program implementation challenges and solutions.’

—NOVIEAH, CV. BULÉ-BULÉ, SOLO

TPSA’s senior environmental specialist, Dr. Rita Lindayati, welcomed participants and thanked ILO for its continuous support and BEDO for its technical program delivery and workshop organization. Dr. Lindayati congratulated the SMEs on their progress and expressed her hope that they would continue to implement cleaner-production practices. She noted that BEDO trainers will provide two more on-site post-workshop visits, one of which is intended to provide final technical advice and the...
other to evaluate how well cleaner-production practices have been integrated into the company’s standard operating procedures.

Tendy Gunawan from ILO also congratulated the SME participants and indicated that 14,000 SMEs from nine countries have participated in the SCORE Program to date. He emphasized how important it is for SMEs to become more efficient, not only to deal with economic globalization but also with automation. According to a 2015 ILO study, apparel and automotive are the industries that will be affected most by automation.

Elizabeth Natalia of BEDO then reviewed the key training materials from the Workplace Collaboration workshop. She reiterated some common problems that often hamper SMEs’ productivity and growth, including high worker absences and turnover; FIFO (First In First Out) inventory systems not applied properly, leading to accumulated old or expired raw materials; chaotic and unorganized warehouses, making it difficult to find needed supplies; inefficient work-area layout; high numbers of reject and rework products; and low worker awareness of safety and health issues. Other common problems include unclear division of labour and poor employer-employee communication.

“We learned a lot from participating in TPSA’s SCORE program. We now sell and monetize unused inventory. Because of the program, our work is now more organized, production has increased because of improved efficiency, and employees are happier and more motivated because of a more pleasant working environment. Absenteeism is also reduced. The bottom line is, this program has been very useful.”

—LISA YUMI
PT. Main Street, Jakarta

Ms. Natalia also reviewed effective yet simple measures that companies can take to address these challenges. First and foremost is improving employer-employee communication and collaboration so that both parties can develop mutual trust and good working relations. One method is to establish an Enterprise Internal Team (EIT) that includes both employer/management and employee members. Daily EIT meetings can facilitate better employer-employee communication. Other simple measures include suggestion boxes where employees can express concerns or provide improvement ideas, and a notice board where important news (e.g., relevant laws) can be posted.

The most practical way to improve a company’s operations is by implementing the 5S method (sort, set in order, shine, standardize, and sustain) to maintain a clean, structured, and efficient work environment. This includes separating required materials, tools, and other resources from those that are not needed; organizing and labelling for quick and easy access; applying a FIFO inventory system; maintaining a clean working environment; and establishing standard operating procedures.

Next, Ms. Natalia reviewed materials from the Productivity Through Cleaner Production training. She indicated that leaner production is an important step in achieving cleaner production, yet inefficiencies are commonplace in SME operations. In most industries, value-added activities (those for which customers are willing to pay) account for only 5 per cent of all activities, while necessary but non-value-added activities (such as hiring the right people) account for 30 per cent, and wasteful non-value-added activities may be as high as 65 per cent. Common wasteful activities take many forms, encapsulated by the acronym TIM WOODS (Time, Inventory, Motion, Waiting, Overproduction, Overprocessing, Defects, Skills). Recognizing and eliminating wasteful activities is critical to achieving leaner production. In addition, cleaner-production targets include efficient use of raw materials, water, and energy, and reduced waste and pollution. Common measures include adopting more efficient technologies, product modification (e.g., green products), raw material substitution (e.g., using renewable materials), utilizing by-products, and the 3Rs (reduce, reuse, recycle).

Reporting on Results
Of the 12 SMEs participating in the SCORE program, 10 have established functional EITs (Enterprise Internal Teams) to improve employer-employee communication. All 10 of those SMEs have also
implemented the 5S system. While the extent of implementation differs by company, all acknowledged that 5S has helped them become more productive, although only some were able to quantify that improvement. Most companies also identified some form of TIM WOODS waste, and some have demonstrated significant effort and improvement in leaner and cleaner production. Several companies generated additional income and/or monetized the savings they gained from reduced unnecessary activities and inventory.

The PT. Raimondi Mandiri Utama/Mclacy footwear company has demonstrated substantial progress in leaner and cleaner production. The firm’s use of the Roselle/California footwear production method, which relies on precise cuts, accurate stitches, and minimal use of toxic glue, is relatively environmentally friendly. The company has rearranged its physical production space, and the new layout makes employees’ movements faster and more efficient. Most ceiling fluorescent lights were replaced by skylights, and the few lights still needed are energy-efficient LEDs. The company has cut over 60 per cent of its electricity bill.

To commit to a leaner and cleaner production process, PT. Mainest Gaya Kreatif made the major decision to close its operations for two weeks to rearrange its physical production space. The new U-shaped floor layout is more efficient as it follows the sequence of production stages. The inventory system was also overhauled. Unused stock (e.g., footwear, leftover shoe mannequins, glue) was sold, generating an additional Rp 24 million. The faster and more efficient manufacturing process has noticeably increased production, from 80 to 100–120 units per day.

The apparel company PT. Restu Ibu Mandiri significantly improved employer-employee communication and adopted a 5S system. Inventory is now well-organized and labelled, which helps workers quickly find what they need. Combined with improved communication within and between divisions, the company has sped up production and delivers client orders in a timelier manner.

“Each SME participant, including ourselves, has demonstrated positive changes as a result of implementing TPSA’s SCORE Cleaner Production Program. In my opinion, this program is very useful, realistic, and properly targeted, not unattainable. I am grateful to have been given the opportunity to participate in the program.”

—LIA MARLIANA
PT. Prisma Dwi Lestari

Significant improvements over the last seven months at PT. Tiga Selaras Bersama include better communication between employer and employees as well as among divisions, improved 5S practices, especially within the inventory system, a more active workforce as their opinions are acknowledged and skills praised, and reduced absenteeism. These have resulted in improved production efficiency and quality, evidenced by a decline of over 5 per cent in client rejections of delivered products.
The denim-washing company CV. Prisma Dwi Lestari has a good water-management system. Waste water is discharged only after being treated, neutralized, and considered safe for the environment. The company has also demonstrated significant improvements in employer-employee communication and 5S practices. The EIT functions well, production rooms are now clutter-free, and chemicals are well-labelled and properly stored.

The apparel company CV. Bulé-Bulé has experienced positive changes to employer-employee communication and 5S practices, especially within its inventory system. The working area is now cleaner, more spacious, and better organized. Data is now collected and administered more efficiently. The company also reported increased income due to improved efficiency.

PT. Queen Pacific Sukses Abadi now has a cleaner, tidier, and more spacious work area, as well as an improved inventory system. This has led to better workforce performance and decreased rejection of delivered products.

For garment company PT. Bandung Indo Garmen, the improvements resulting from participating in the SCORE training are better communication among divisions and improvements from adopting 5S practices (such as more efficient data administration, inventory system, and production layout). These have allowed the company to increase its production capacity.

The footwear manufacturer PT. Sinarup Jaya Utama reported improvements due to implementing 5S practices, especially in making its production area less cluttered and more spacious. More efficient use of yarn has also resulted from an improved inventory system.

Employer-employee communication at CV. Uniqueindo Busana Lestari has improved, and following 5S practices has resulted in a cleaner, more organized, and spacious working area, as well as a better inventory system. This apparel company notes that its workforce is more active, absenteeism has been reduced, and production speed, quality, and efficiency are enhanced.

Next Steps
Final one-on-one technical assistance will be provided to the SMEs in June or July 2018. Following that, a final assessment will be done to determine how well cleaner-production practices have been integrated into each company’s standard operating procedures.

About the TPSA Project
TPSA is a five-year, C$12-million project funded by the Government of Canada through Global Affairs Canada. The project is executed by The Conference Board of Canada, and the primary implementation partner is the Directorate General for National Export Development, Ministry of Trade.

TPSA is designed to provide training, research, and technical assistance to Indonesian government agencies, the private sector—particularly small and
medium-sized enterprises (SMEs)—academics, and civil society organizations on trade-related information, trade policy analysis, regulatory reforms, and trade and investment promotion by Canadian, Indonesian, and other experts from public and private organizations.

The overall objective of TPSA is to support higher sustainable economic growth and reduce poverty in Indonesia through increased trade and trade-enabling investment between Indonesia and Canada. TPSA is intended to increase sustainable and gender-responsive trade and investment opportunities, particularly for Indonesian SMEs, and to increase the use of trade and investment analysis by Indonesian stakeholders for expanded trade and investment partnerships between Indonesia and Canada.

The expected immediate outcomes of TPSA are:
- improved trade and investment information flows between Indonesia and Canada, particularly for the private sector, SMEs, and women entrepreneurs, including trade-related environmental risks and opportunities;
- enhanced private sector business links between Indonesia and Canada, particularly for SMEs;
- strengthened analytical skills and knowledge of Indonesian stakeholders on how to increase trade and investment between Indonesia and Canada;
- improved understanding of regulatory rules and best practices for trade and investment.

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ENDNOTE

1 Two companies participated in the training but opted out of the one-on-one consultations and monitoring.