

SIDBI EDI Project for Implementing Business Development Services (BDS) in

Chennai Leather & Leather Products Cluster

Message



Sri A. SAHASRANAMAN, I.A.S., (Rtd.),
Vice Chairman
Chennai Environmental Management
Company of Tanners (CEMCOT)

PROJECT TEAM

Mr. D M Parikh
Dr. B K Naidu
Mr. C Viswanathan
Mr. R Govindasamy
Mr. Natarajan G.
Mrs. K Sasikala

I have been watching with considerable interest the implementation of the Chennai Leather and Leather Products Cluster, a SIDBI-EDI Project, being implemented by a dedicated team headed by Dr. B. Krishnamma Naidu, Cluster Manager, under the able guidance of Shri D.M. Parikh of EDII, Ahmedabad.

When the project was launched about 30 months back in Chennai, with its main focus being the Pallavaram Tannery Cluster, I was not quite sure if it would really make an impact in the cluster. Now, after 30 months, when I review the tremendous amount of work done by the project team in this cluster, I am indeed amazed. Some notable interventions include introduction of energy efficient measures in tanneries and shoe units, facilitating sanctioning of collateral free loans, introduction of SA-8000 in many units in the cluster and website making and helping the members of the cluster to establish a Special Purpose Vehicle for efficient procurement of chemicals and other inputs required for their manufacturing process.

The Special Purpose Vehicle, when fully operational, is expected to effect a saving of Rs. 42 crores per annum, only in procurement of dyes. The project has enabled the cluster members to visit other parts of the country to exchange views and experience.

The project has enabled efficient networking between the units in the cluster and various Business Service Providers in diverse range of activities. This would go a long way in helping these units obtain the required services in future without any difficulty.

Making a project of this nature a success depends, equally on the expert guidance from the resource organization like EDI as well as leadership provided locally. In this regard, the project is indeed fortunate to have obtained the services of Dr. B. K. Naidu, who is presently the Cluster Manager & Former CLRI Scientist. He along with the project team has indeed served as an effective bridge between the project and the beneficiaries.

I congratulate the team for its excellent work and wish it greater success in the months and years ahead.

Implemented by



Entrepreneurship
Development
Institute of India



Project Partners :



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4th CLUSTER CO-ORDINATION COMMITTEE (CCC)



Members of CCC discussing on issues

The 4th Cluster Coordination Committee meeting was organized at CFTI, conference hall on 15th April 2011.

Thiru.Raja Seenivasan, Managing Director, V.R.S. Leathers and Chairman of the meeting recalled the memories of his visit to Kolkatta organized by EDI Chennai Leather Cluster. Mr. Parikh narrated the functioning of BDS Market with respect to Diagnostic study report, log frame achievement, exit strategy and action plan focus for 2011-12. Dr.B.K.Naidu summarized the activities completed during

January–March 2011. He informed that during 2010-2011, EDI has arranged financial linkages **valued at Rs.232lakhs for 6 MSME and so far 1258 MSMEs were benefited** through various interventions. He briefed on the exposure visit of MSME units to Kolkatta and Santinikethan Clusters.

Thiru.Ramesh of M/s.Keerti Shoes (P) Ltd. suggested that all MSME should make use of interventions.

Thiru.Baskaran, Managing Director of M/s.PRE Machines (India) Private Limited stated that the BDS project **provided knowledge on availability of many concessions / supports** from Govt.Agencies.

Thiru.Ram Manoj, Managing Director of M/s.Osuri Associates said that project helped in **identifying creditable BDSP and gave a comfort level.**

Thiru.Sravankumar, AGM, SIDBI requested that industries should come forward to implement the interventions.

Chairman concluded that all MSME did not find time to know the developments and hence it would be better to make use of interventions when it comes to **our doorstep through BDS Project.**

ROLE OF SA-8000 – BDS PROVIDER



Ms.Padmaja Pai

Link Ethical Consulting

As part of EDI Cluster Development Program I had the privilege of working with two of the Leather Company's in Chennai. The main focus of this assignment was to provide consulting and training support to the leather factories on SA-8000-2008 Standard. The experience was quite stimulating although my organization LINK has done about 140 social compliance consulting and training in the last decade.

Every experience is unique and two important issues surfaced in this assignment:

1. The workers awareness on the importance and benefit of government's social welfare schemes like PF and ESIC
2. The dilemma of the management to balance the wants of workers and government statutory requirements.

However it is important to note that when an organization with true intent and spirit wants to adopt and practice any social management standard the stricter instrument of law whether local or international has to be adopted. Therefore there is always a need to change the policy of the organization by keeping in view its most important stakeholders that is its EMPLOYEES.

A system like SA-8000-2008 has a very great impact on the mindset of employees in owning up its organization. This also brings about a clear but focused dialogue between the management and the employees to improve the vision and mission of an organization.

In short the implementation program on SA-8000 standard was very good and I thank the BDS Project for giving me an opportunity to be a part of this cluster development program.

BDS CLINIC ON AVAILING COLLATERAL FREE LOANS



Mr.K.P.Ravindran, BDS Provider in interaction

The BDS Market Development Project in association with BDSP organized one to one meetings on 18.5.2011 at Pallavaram Tanners Association Hall and Central Footwear Training Institute. The objective of the programme was to make MSME to know the procedures / requirements to avail Collateral Free Loan from Banks / Financial Institutions.

Thiru K.P.Ravindran, M/s.Project Management Services (BDSP) interacted with 13 MSME in two sessions and guided for Financial Linkage for Rs.5crores.

BENEFITS OF LEAN MANUFACTURING



Mr. Ananth Palaniappan
BDS Provider

Hash Management Services LLP (Hash) is in the process of implementing Lean Manufacturing Techniques in M/s.Shoeline and M/s.Halcyon Footwears (P) Ltd, supported by EDI. Lean Manufacturing implementation aims at improving productivity and competitiveness with fewer resources/low cost and at rapid pace.

A brief diagnostic study was conducted at the facilities identifying the processes and bottlenecks. A Value Stream Map (VSM) is prepared and key target areas for the implementation are identified. A 3 day workshop is conducted for the eliminating the bottlenecks aiding the flow of the materials. Lines are converted from batch production to Single Pair System, resulting in higher volumes, lesser WIP in

between each stage leading to reduced mismatches in the uppers. Regular follow-ups are done to ensure sustenance of the initiatives.

Results in M/s.Halcyon Footwears (P) Ltd:

- Productivity has improved from about 250 pairs per day per line to about 350~400 pairs per day per line with the same workforce
- Established Single Pair Flow in the assembly section – Layout changed
- **30% reduction in the WIP** – target at the end of the project
- Implementation of 5S in progress

Results in M/s.Shoeline:

- Targeting a productivity improvement from **130 pairs per day** per line to about **200 pairs per day** per line – Implementation in progress
- 30% reduction in the WIP – target at the end of the project

ADVANCED INFORMATION TECHNOLOGY & MANAGEMENT OF INFORMATION SYSTEM (IT & MIS)



Valedictory Function of IT/MIS Training

Realising the need for advanced computer knowledge for key employees, a **well designed one month Computer Package on Advanced Information Technology / Management of Information System (IT/MIS)** was conducted in association with NSIC - Technical Service Centre. 19 participants from different leather units participated. The topics covered by NSIC are **MS Word 2007, MS EXCEL 2007, MS PowerPoint 2007, Solving minor problems in the Computer and Email usage/practice.**

The feedback from the participants was very good. Certificates were issued to the **regularly-attended** participants.

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PARTICIPANTS' FEEDBACK ON IT / MIS TRAINING



Ms. GOMATHI
Computer Operator
M/s.Keerti Shoes (P) Ltd.

"I had undergone IT/MIS training in National Small Industry Corporation with the sponsorship of EDI, Chennai Leather Cluster. The programme was very useful. I learnt latest MS office 2007, Tally and Computer Hardware maintenance and Troubleshooting. I myself can repair the basic computer problems without Service Engineer's help, which resulted in saving of time. Now I am a Full time Computer Operator. Thanks to EDI – Chennai Leather Cluster" and my organisation.



Ms. YOSODHA
Computer Operator
M/s.Tharam Exports

"I was sponsored by my organization to attend IT/MIS Training Programme. It is really an opportunity to learn the applications of MS Office, Excel and PowerPoint preparation in 2007. The hands on experience in attending minor maintenance / breakdown issues helped in improving productivity.

SHARING THE BENEFITS OF ENERGY SAVING MEASURES



Thiru A.R.Senthilkumar, M/s.Rathnam Leathers
speaking on benefits derived in his unit



Mr.Ranganathan, ILIFO delivering on benefits of Energy Saving Measures

The BDS Project in Association with BDSPs the Indian Leather Industries Foundation (ILIFO) and NSIC Technical Service Centre organized a Meeting on 16th June 2011 at Pallavaram Tanners Association Hall. The main objective of the programme is to spread the message on the importance of Energy Conservation.

Thiru.Ranganathan of ILIFO explained the need for Energy Conservation in the interest of Industry and Nation. He said that CFL lamps are better than ordinary bulbs but not comparable to tube lights. He explained the benefits of T5 Tube lights compared to conventional tube lights even though costlier.

Since water is bought, the effective water management will reduce energy cost due to overload and also cost of processing leather. He mentioned

specifically that many MSMEs increase capacity of compressor without attending to the core issue of leakage / loss in flow.

He also suggested that the wood shall be dried before loading into boiler, since moisture in wood will decrease the efficiency.

Thiru A.R. Senthilkumar of M/s.Rathnam Leathers informed various measures undertaken in his Tanning Unit for Energy Saving and got benefit of 30% saving in Energy Cost. He said that one of the tanners had developed Energy Saving equipments to save heat and also safety against fire. He requested that such development should be shared among industries to realize the benefit by all.

TRAINING IN ADVANCED SHOE DESIGNING



Mr. SELVAM

Head Designing Dept., M/s.Shoeline



**Designs Developed by
Mr.Selvam after training**

"I am a BBA graduate completed one year footwear course in SDDC, CLRI, and then studied in UK for two years on designing course. I have 15 years of experience in shoe industry. I learnt latest designing concepts in Advance Shoe Design Course held at SDDC, CLRI. After the programme I had designed five new designs in Ladies & Kids footwear and sent to foreign buyer for approval. I thank the organizers and Mr.Manish the M/s.Shoeline. Now, I am working Head for Design & Development for our 4 units.

TPCS ERP HELPS LEATHER INDUSTRY TO INCREASE PRODUCTIVITY AND CUT COST



Ms. SHANTHI

Chief Technology Officer
Alpha Systems Pvt. Ltd.

As an uncertain economy continues, the leather industry is under pressure to produce at competitive price without compromising on quality and on-time delivery.

The need of the hour is a sure-fire system which can analyze the cost of production very precisely and help to address the challenges faced by the leather industry right now.

TPCS is an ERP solution, especially designed for the leather industry.

From the sampling stage till the final shipment, leaf level details are meticulously designed to improve bottom line benefits.

In one of our client's factory, having a production capacity of 2000 pairs per day, our consultants monitored the actual leather consumption and identified that **around 5000 sqft of leather was consumed in excess every month**. The value of excess leather consumption was **around Rs.5 lacs per month**. This, if not controlled, would have resulted in a catastrophic **loss of Rs.60 lacs per annum**.

Our expertise in leather industry enables our technical consultants to work closely with our clients to achieve maximum cost benefits. Also, since TPCS is deployed in more than 100 client locations now, we assure quick deployment time.

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SHARING OF BENEFITS ON IMPLEMENTING ENTERPRISES RESOURCE PLANNING

The BDS Project in association with BDSP and Beneficiaries has organized this on 29th June 2011. The main objective of the programme is to share the experience by Beneficiaries and Business Development Service Providers while implementing ERP Solutions in the Tanneries and Product units and make other units also to reap the benefits.

Tmt. Shanthi of M/s. Alpha Systems Pvt. Ltd. described the benefits of ERP and their long association with MSME.

Thiru. Sarfaraz, M/s. Enco Shoes, narrated the benefits experienced by implementing ERP Solution in their unit.

He appreciated the system offered by M/s. Alpha Systems Pvt. Ltd. for ERP Solution. He suggested that all MSME should implement ERP to gain the benefits.

Thiru. S. Suganeswaran, Manager, M/s. Hifasn Leather Products, informed that ERP Solution is resulting in improving all functions of the unit.



Mr. Sarfaraz, M/s. Enco Shoes speaks on benefits from ERP

PROPOSED ACTIVITIES FOR THE YEAR 2011-12

1. BDS Fair
2. Demonstration of Drum upgradation
3. Demonstration of Work done to other Tannery Association / Cluster
4. Support to transactions promoted by Association
5. Propagation workshop
6. Visit to Italy
7. Documentation and Upscaling through BOMS

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