



**Assessment of Impact of the
Rapid Appraisal of Local Innovation Systems (RALIS)
for the Clothing and Textiles Sector
in the Western Cape**

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GTZ in conjunction with

the Tshumisano Trust



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Contents

Introduction	5
Approach	6
Findings	7
May 2008 Industry context	7
General Observations	8
Evidence on Specific Initiatives	12
Identify Potential Niche Markets	12
Benchmark Sector across Entire Value Chain	13
Quality and Productivity Management Systems for CMT	17
Make Technical Training More Relevant	18
Supervisor and Middle Management Training	20
Support for International Technology Transfer	22
Link Productivity to Pay	23
Lift Small Business Restrictions	23
Directory of Support Institutions	23
Share the Findings and Results	23
Observations about Longer term proposals:	24
Establish R&D/Innovation forum across Value Chain	24
Review Duty Credit Certificate (DCC) Scheme	24
Promote “Cape” Fashion Brands	24
Publish success stories	24
Facilitation of forming industry clusters	24
Stakeholder Perspectives	25
CPUT: Technology Station, Faculty and Administration	25
Private Sector: Lead firms, SMEs	25
Sector development organisations: Cape Clothing Cluster, CLOTEX ...	26
Public sector: Provincial Government and CTFLSETA	26
Union: SACTWU	26
Conclusions	26
Recommendations	28
Annexure 1: RALIS Proposals Status Report 26 October 2004	30

Executive Summary

A Rapid Appraisal of Local Innovation Systems (RALIS) was conducted in the last two weeks of April 2004, focussing on the clothing and textile sector in the Western Cape. The Tshumisano Trust Technology Station (TS) at the Cape Peninsula University of Technology (CPUT) facilitated the process. The context was a local industry in decline that faced a realistic threat of extinction, similar to which has been experienced in other countries.

The purpose of the Rapid Appraisal of Local Innovation Systems (RALIS) was to identify opportunities to improve the competitiveness of the sector, primarily by means of innovation. The participatory diagnostic engaged ninety leaders and senior managers across the whole sector value chain. The RALIS methodology promoted a focus on a limited number of practical proposals.

Four years subsequently, Tshumisano Trust has requested an assessment of outcomes and impact, resulting from the RALIS. Fourteen stakeholders involved in the RALIS process or subsequent activities were interviewed. The findings are discussed under three main headings: The current 2008 industry context, general observations about the RALIS process and specific evidence gathered regarding progress on the proposed priority initiatives.

The conclusion is that RALIS can claim that it was a catalyst to many positive initiatives that followed – the identified initiatives but also others that followed from participants doing things differently than before. Out of fifteen initiatives identified, only three (20%) have shown no progress. More than 50% have shown substantial progress. These initiatives have reached and benefited hundreds of firms and in excess of a thousand individuals whether they were entrepreneurs, employees or students. The scale and scope of impact was however not as much as was hoped for due to various contributing factors. Taking into consideration that the RALIS process cost approximately R 120 000 to R 150 000 to execute, that it was conducted in only two weeks, and

significant implementation followed, the instrument and approach compares favourably with alternatives.

Introduction

A Rapid Appraisal of Local Innovation Systems (RALIS) was conducted in the last two weeks of April 2004, focussing on the clothing and textile sector in the Western Cape. The Tshumisano Trust Technology Station at the Cape Peninsula University of Technology facilitated the process. Four years subsequently, Tshumisano Trust has requested an assessment of outcomes and impact, resulting from the RALIS.

The industry context in April 2004 is as follows. The international quota system for purchasing clothing and textiles had recently been abolished. The local Clothing and Textile sector was faced with increased competition due to both global trade liberalization and the strong Rand. China, India, Bangladesh, Pakistan and Indonesia had tremendous labour rate advantages. Even African neighbours such as Lesotho, Mauritius and Madagascar started to outperform South Africa, in terms of exports, growth and jobs. Large firms were closing down, shedding many jobs. Unless competitiveness improved dramatically, the local industry faced a realistic threat of extinction, similar to which has been experienced in other countries.

The purpose of the Rapid Appraisal of Local Innovation Systems (RALIS) was to identify opportunities to improve the competitiveness of the sector, primarily by means of innovation. The participatory diagnostic engaged ninety leaders and senior managers across the whole sector value chain.

The RALIS methodology promoted a focus on a limited number of practical proposals. These mini-projects aimed to address issues that will result in some changes in behaviour of those persons that have immediate power to grow and employ more people in the industry.

Priority Initiatives:

- Identify Potential Niche Markets
- Benchmark Sector across Entire Value Chain

- Quality and Productivity Management Systems for CMTs
- Make Technical Training More Relevant
- Supervisor and Middle Management Training
- Support for International Technology Transfer
- Link Productivity to Pay
- Lift Small Business Restrictions
- Directory of Support Institutions
- Share the Findings and Results

Longer term initiatives:

- Establish R&D / Innovation forum
- Review Duty Credit Certificate Scheme
- Promote “Cape “ Fashion Brands
- Publish Success stories
- Facilitate forming of clusters

Approach

The approach to the assessment of impact resulting from the RALIS process was based on interviews of stakeholders directly or indirectly involved in the RALIS process. An initial workshop comprising three members of original core RALIS team developed an initial hypothesis of what may have resulted from the RALIS exercise. Based on this expectation, fourteen persons that could provide evidence of the suspected results were identified and interviewed.

The interviews were conducted in a manner to identify progress that interviewees attribute to the RALIS exercise. Firstly, they were asked what they recalled of the process (unaided). Secondly, what they thought had resulted from it (unaided). Thereafter, they were reminded of selected initiatives that they may have been involved in. The final question tested their desire for another RALIS exercise.

The evidence collated from all the interviews were collated according to key topics, to form a combined view of what has transpired. These qualitative findings were analysed and evaluated to form an opinion on the extent to which the process succeeded in meeting the stated objectives. Quantitative analysis was deemed of limited value due to attribution limitations.

Recommendations for future similar processes were added to contribute to continuous learning.

The names of interviewees will not be disclosed with this report as negative consequences could result from some of the statements made.

Findings

A summary of the finding is discussed below under three headings: The current 2008 industry context, general observations about the RALIS process and specific evidence gathered regarding progress on the proposed priority initiatives. Most of the text in this chapter is verbatim quotes by interviewees, structured to explain the situation.

May 2008 Industry context

“Things are now so different to four years ago.” The clothing and textile Industry has continued to shrink, with only a few large manufacturers left and struggling for survival. Even the lead firms are on short time. 2008 has been particularly tough with the economic downturn and with the sector losing market share to Mauritius and Lesotho. Niche and hi tech firms are however competing better than those producing commodities. Non-wovens, hi tech and technical textiles are doing ok.

But there are other systemic issues in the business environment as well. “How are competitors able to produce at a price which our lead firms cannot, even if they make at a wage rate that is zero? What is wrong with the structure of the economy?”

“The dti Customised Sector Programme (CSP) is a mess...” SACTWU dictated the content and the industry proposals to address the real issues were dismissed. “SACTWU is still too big to come to the negotiating table, to salvage what exists of the industry. They believe they own the industry.”

“Control at SARS has been lost¹ completely - under invoicing, transshipment, false declarations, etc - everyone is turning a blind eye to it. The SACTWU and **the dti** introduced a quota system that has resulted in unexpected consequences. The retailers feel harmed, and are now trying to destroy everyone as 'payback'.” The large retailers, angered by SACTWU, are more demanding on price, whilst pushing up costs, and asking for higher standards than they accept from their internationally imported garments.

These factors and other uncertainties in the business environment have contributed to loss of investment. Even SANS, a large textile firm with a major global business in synthetic sewing threads has been forced to close down most of their local manufacturing despite being so automated.

General Observations

Stakeholders groups differed in their recollection of the RALIS process – the Technology Station, Cape Peninsula University of Technology (CPUT), Provincial Government, CTFLSETA, SACTWU (Trade Union) and Sector Development Organisations remember well and spontaneously reflect positively on the experience. Lead firms in the private sector remember it vaguely, some not at all.

In responses to the unaided question: “Did anything come from it?” almost all stakeholders agreed that the right issues were identified. It is in the implementation follow through that stakeholders differed in their views. Again the Technology station, CPUT, Provincial Government, CTFLSETA, SACTWU

¹ Import customs control of illegal imports and dumping.

and Sector Development Organisations confirmed that they were aware of the benefits, which could be explained by the fact that they were involved in the implementation of initiatives. SACTWU'S response was however not in support of the recommendations.

Lead firms however have little knowledge of follow through with implementation after the two week RALIS process. This may be partially explained by the fact that:

- Many initiatives focussed primarily on SMEs,
- The most popular initiatives aimed at labour market constraints failed, and
- Initiatives were subsumed in other complimentary programmes with their own distinct branding.

These reasons offered however does not detract from the reality that most firms that participated in the RALIS process currently have the perception that RALIS recommendations were not implemented.

The main benefits recalled (unaided) by the Technology Station and university were that the process:

- Built new and strengthened existing relationships amongst stakeholders,
- Brought people together that subsequently collaborated,
- Created networks of people who know ("we know who knows what"), and refer to each other,
- Defined the role and focus of the Technology Station better,
- Elevated the visibility and impact of the Technology Station as an institution, and is now seen to be more important by industry and by CPUT senior management,
- Helped to mature the relationship between the faculty and the Technology Station by clarifying the different roles,
- Faculty realised that it had to be smarter - given the limited pool of available experience/skills, they had to focussed on industry priorities.
- Gave clarity to what must change in the academic curricula,

- Seen a number of experts in the sector gravitate to the Technology Station,
- Research is now focussed on key issues for industry. Doing things more with advanced technology. “We are now in 2008 streaks ahead of where we were at in 2004”,
- Academic staff are able to connect with industry outside more easily,
- Gave the Technology Station wide exposure across the total value chain,
- Many participants have reused the RALIS facilitation approaches and methods,
- Educational experience, methods, boosted confidence with academic staff, and
- “Taught me a few lessons to organise things quickly. If I had 6 months to do it, I would not have done better”.

The main benefits recalled (unaided) by the Provincial government, CTFLSETA and Sector Development organisations were:

- Identifying and verifying the real and important issues,
- Provided insight to the industry, raised the level of collective knowledge,
- Helped to frame the cluster programmes and work
- a useful input to the Micro Economic Development Strategy process
- Identified programmes for PGWC to fund, such as the small business benchmarking programme
- Enable sector development organisations to gain more funding

The main benefits recalled (unaided) by the Union:

- “Amazing a lot did happen from it.”
- SACTWU found it very challenging
- Did put pressure on parties to come up with new ways of thinking.
- Needed to re-think a strategy going forward.
- Wanted more regulation and stronger controls by the state.

- SACTWU became busy with retailers, hoping that by ‘bullying’ the retailers it would help the manufacturing pipeline industries.

When asked whether it was a good idea to have another RALIS exercise, responses were mostly positive, with qualifications. The Sector Development organisations however surprisingly were the only stakeholders to respond negatively. This response may be influenced by vested interests - whoever leads the RALIS would compete in their market space.

Stakeholder group	“Is it a good idea to have another RALIS?”
Technology Station, University (CPUT)	Yes, but: More focussed on specific, already known issues. Focus more on innovation and technology this time. Timing must be right.
Private Sector : Lead firms	Yes, but: If there is an outcome that will help the industry Link it to the clustering initiatives. If the dti and labour (SACTWU) commit
Sector Development Organisations	No: Will find the same issues, same stakeholders blocking initiatives Only outcome was the small business benchmarking – it only makes sense if there are drivers/champions to initiatives
Provincial government	Yes, but: Focus on innovation this time. Drill down into specific areas such as technical textiles Maybe new technology platforms
Trade Union (SACTWU)	Possibly, think there is something to benefit out of this Use the words “job retention and growth”

Evidence on Specific Initiatives

Identify Potential Niche Markets

In this initiative, limited progress has been made. The progress that has been made was not exactly as originally conceived. The SME sector (including Clotex) with funding from the dti and Provincial Government worked with an organisation to verify identified niche markets in the USA. A few transactions followed. The Fashion Council and CLOTEX facilitated a workshop with export agents to identify niche opportunities for Europe. But finding opportunity areas in itself does not lead to trade, matching supply to demand requires a considerable amount of work. The conclusion was that export agents add a great deal of value and expertise about specific international markets, and that they should be supported as their success leads to supplier success as well. The EU market agent was introduced to a number of small but high performing local suppliers.

The Technology Station and CPUT adapted their services to capacitate the supply side. The TSCT response to setting up a product development focus area was in direct response to this in assisting SMEs to develop those products for the niche markets. Some businesses changed their business models and those that did not have collapsed or are struggling for survival. The small business benchmarking club identified a number of niche suppliers that have grown by as much as a 100% per annum.

CPUT: Technology Station, Faculty and Administration

“Brought a realisation that we cannot compete on price. It is essential to be more innovative and increase the technology component. We have seen some success stories. Others that have not responded have closed down.”

“Working on development of technical textiles. We don’t however have the required capacity yet to deal with it. SA is the biggest producer of parachute material in the world.”

We are now promoting fast fashion and quick turn-around times as the formula for the industry to survive, especially the SME sector.

Private Sector: Lead firms, SMEs

Some firms have seen no change. Others have:

“Something changed in our thinking. We tried new things, design, relationships with designers and industry. Still work in progress.”

“Been our point of view all along We sell a service, not just a product. Less risk better value to customer. Dialogue on each order...”

“Yes, more changes in methodology than in product type, recognition that you can choose to be excellent eg Prestige Clothing changed their business to manufacture smaller batch size orders and excelled in it. Speed to market was the value offering and Prestige therefore needed to adapt to small batch runs - similar to Zara (Spain).”

“Might have, the important thing was to get them on board and start lateral thinking. RALIS started this. They then needed to do an analysis of their own capabilities and go out and do it.”

Benchmark Sector across Entire Value Chain

Two benchmarking initiatives ensued. The small business benchmarking driven by the Technology Station and CLOTEX, and a large firm cluster – CCTC (Cape Clothing and Textile Cluster) by B&M Analysts.

CPUT: Technology Station, Faculty and Administration

The Technology Station and CLOTEX established the small business benchmarking programme which is now managed by CLOTEX and financed by the provincial government. A pilot study demonstrated remarkable year-to-

year improvement results for a small number of firms, utilising a quantitative method. The barrier to participation of more firms was the demanding requirement to have measurement systems for the relevant indicators already in existence at the firms. Those that did not have these systems had to invest considerable time before results could be seen. The programme required adaptation to cater for participation on a greater scale. The small business competitiveness club was co sponsored by Tshumisano, CTFL SETA, PGWC, City of Cape Town

Table: Results from the Small Business Competitiveness Club Pilot project

No	CSF (Critical Success Factor)	KPI (Key Performance Indicator)	Units	July 06	July 05	%Change
F1	Profit margin realised	Profit as % of Sales Revenue	%	55%	17%	234%
F2	Avg.Revenue contribution/ employee	Revenue / employee	R	R 13,122	R 6,658	97%
F3	Average Cost/ employees	Cost / Employee	R	R 4,197	R 3,913	7%
F4	Avg. Revenue contribution/ Machinist	Revenue / Machinist realised	R	R 34,346	R 15,299	124%
F5	% Overhead staff	100% - (Machinist / Total Employee Ratio)	%	52%	54%	-5%

No	CSF (Critical Success Factor)	KPI (Key Performance Indicator)	Units	July 06	July 05	%Change
C1	Price / minute realised & Price competitiveness	Revenue / Machinist Minute recovered (sold)	R	R 7.25	R 3.68	97%
C2	Customer Return Rate	Number of units returned / Total number of units delivered	%	0.04%	0.14%	-71%
C3	On-time and In-full Deliveries	Total number of units delivered on time and in full / Total number of units delivered.	%	98.5%	80.9%	22%

No	CSF (Critical Success Factor)	KPI (Key Performance Indicator)	Units	July 06	July 05	%Change
P1	Cost Competitiveness	Cost / Minute recovered (sold)	R	R 2.13	R 2.31	-8%
P2	% Utilisation of Available Capacity	% of Available Minutes recovered	%	73%	56%	32%
P3	Cost Structure: Cost if @ 100% cap.util.	Cost / Minute available (paid)	R	R 1.11	R 1.01	10%
P4	Output per Employee	Recovered Minutes / Employee	Qty	2,925	2,892	1%
P5	Efficiency of Production Methods	Machinist / Total Employee Ratio	%	48%	46%	5%
P6	Output per Machinist	Recovered Minutes / Machinist	Qty	5,868	5,527	6%
P7	Productive use of space	Revenue per Square meter	R	R 880	R 571	54%
P8	Internal Rejects	No. of rejects/ Total no. units produced	%	0.3%	1.0%	-67%
P9	Defect Repair rate	No. defects/Total no. units produced	%	4.9%	4.7%	5%

No	CSF (Critical Success Factor)	KPI (Key Performance Indicator)	Units	July 06	Sep 05	%Change
L1	Committed to job & firm	Absenteeism	%	4.7%	4.7%	1%
L2	Committed to job & firm	Staff Turnover	%	6.6%	11.2%	-41%
L3	Working smarter	Bottom up ideas implemented	%	7.0	5.6	24%
L4	Invest in working smarter	Days invested in training	%	2.2%	0.3%	643%

The leading international small business benchmarking service provider was subsequently identified and their methodologies included three benchmarking

instruments, including qualitative benchmarking. The qualitative benchmarking of business performance and management practices, only requires a two hour interview with the entrepreneur or owner or CEO. This reduces the barrier to participation in the benchmarking to a commitment of 2.5 hours. Consequently, CLOTEX has benchmarked more than sixty firms in the last six months. The firms include CMTs, full manufacturers, design houses and a textile firms.

Figure 2: Western Cape cluster in yellow vs Italian cluster in blue

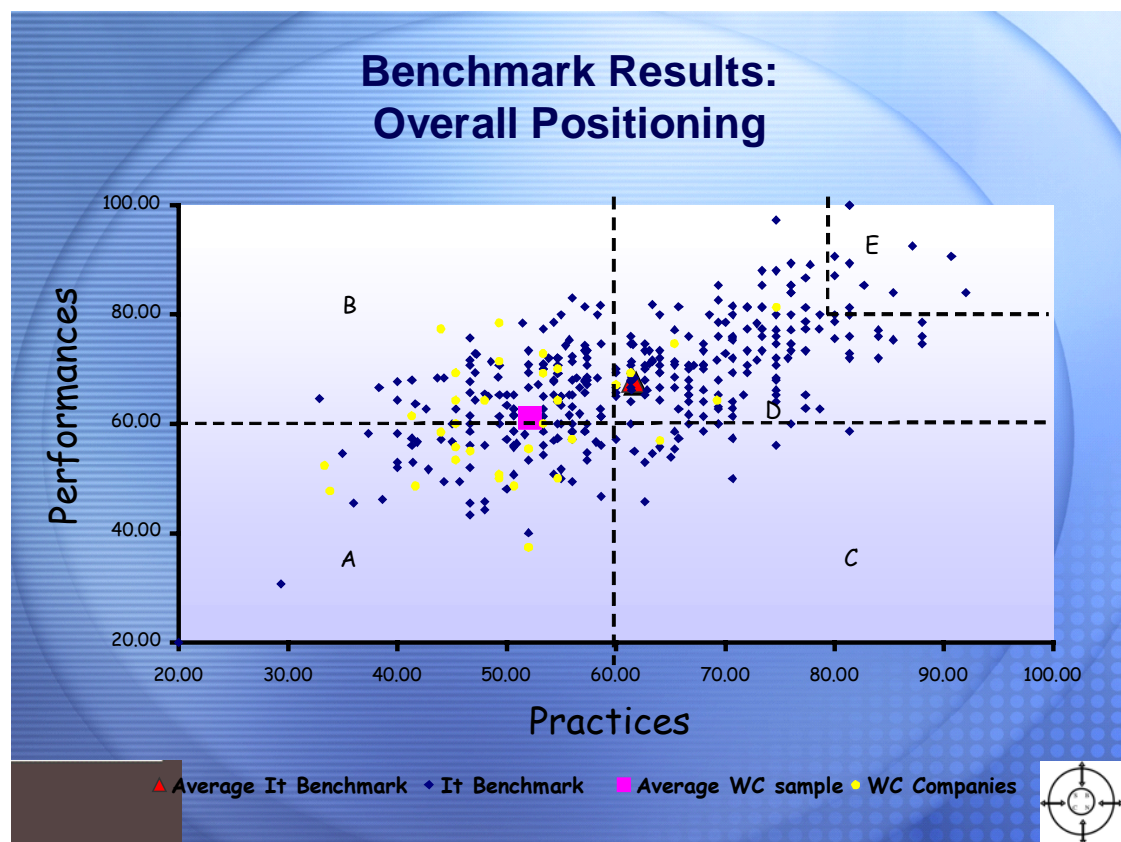
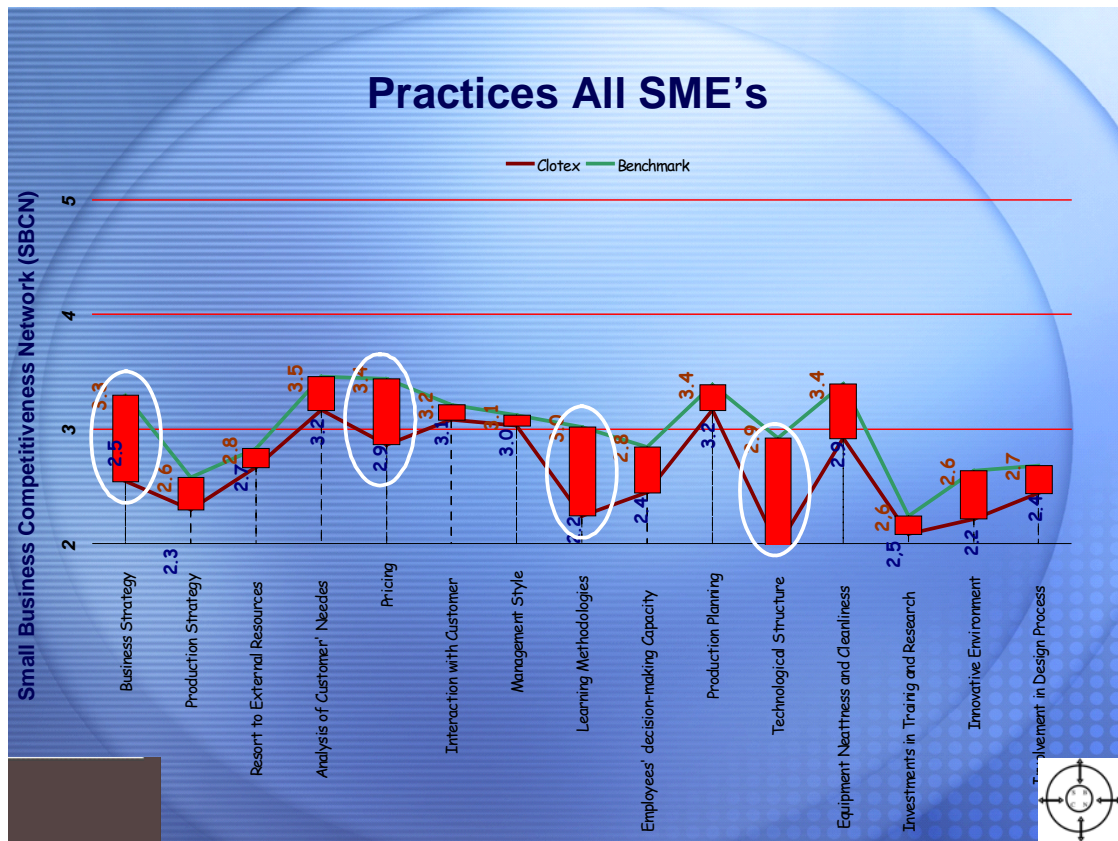


Figure 3: Relative weaknesses of Western Cape cluster vs Italian



The Cape Clothing and Textile Cluster consisting mainly of larger clothing firms has also been benchmarking based on the B&M Analysts methodology, derived from the automobile industry. This clustering initiative was informed by the RALIS and is also funded by provincial government. Both the TS and Clotex are Exco board members of the Cape Clothing and Textile Cluster.

In both large and small firm initiatives, the benchmarking is used as a diagnostic instrument to determine individual and group learning priorities. Exposure to best practices and training responds according to these priorities.

Private Sector: Lead firms, SMEs

Some private sector firms have benefited and are aware of the above mentioned benchmarking initiatives, but some are not as can be seen from the responses below:

“Benchmarking through textile cluster. We have also done benchmarking over years. We visit overseas factories at least once a year, see what they do. Good non- competitive relationship with an Austrian company keeps us informed of the latest technology advances.”

“I have not seen any feedback. Not seen any statistics. “

“Yes we are fully benchmarked.”

“No, the dti was tasked but never did anything. CCTC doing very good work but total pipeline not improved or benchmarked.”

“Yes the cluster made a major impact”

Sector development organisations: Cape Clothing Cluster, and CLOTEX

“RALIS affirmed our (Cape Clothing Cluster) benchmarking initiative and the cluster concept.”

“The Small Business Competitiveness Club originated from RALIS. The pilot project was successful from the perspective proving that the performance of participants improved substantially. It is a full programme now, cooperating with Italy. About 60 firms are participating now. Cluster benchmarking is also now being done, comparing SA cluster with Italian clusters.”

Quality and Productivity Management Systems for CMT

Training on Quality and Productivity Management systems has improved in quality and output.

The need was identified from the RALIS process. The topic subsequently became focal areas for the Technology Station training programmes as well as CLOTEX training. CLOTEX went as far as appointing a specialist to drive this as a programme. Because RALIS identified it as a priority area, CLOTEX

received additional funding from provincial government. Between the two training programmes, hundreds of persons have been subsequently trained.

Both Quality and Productivity have since become research focal areas at CPUT. Ingrid Norton did her M.Sc. dissertation on the topic at CPUT.

With regards productivity specifically:

- GTZ /Tshumisano sponsored Prof Liekwegs visit specifically to address productivity problems in the broader Clothing industry,
- CPUT lecturers have all undergone training and implementation in various clothing companies, Clotex mentors were trained and rolled this out to CMTs, Prof Liekweg assisted many business directly from this e.g. Monviso ,K - way, Due South(Zenande), Montreal, Charmfit, Cadema etc.,
- Students at CPUT are taught Optimal sewing as part of the Curriculum, and
- Even currently BTech students are doing a project on productivity.

With regards quality systems specifically:

- The TSCT has conducted a number of short courses on various aspects of quality, and
- TSCT conducted various in house quality programmes at companies.

Make Technical Training More Relevant

The technical training has improved and this is recognised by industry.

CPUT: Technology Station, Faculty and Administration

GTZ sponsored visiting professors from Germany i.e. Prof Kuhn (Electronics in sewing equipment), Prof Liekweg (optimal sewing and related technology), Prof Puscher (CAD and in company intervention), Prof Ernst (Technical Textiles). This led to realigning of academic programmes. The Technology Station training unit developed about 10 different focussed training courses

and adapted others. A third of these courses are very technically specific. CPUT is now teaching new methods, topics such as CAD/CAM, electronics for sewing machine mechanics and technical textiles.

CPUT have trained 250 -300 people per year on short courses from 50 -60 businesses. Most participants were small business but the programmes were even supported by leading firms such as Monviso and PEP. The CTFL SETA allocated 40 (R15000 x 3 years) bursaries to industry for technologists training. The CTFL SETA also funded learning material development for electronics for sewing mechanics from Prof Kuhn's visit. Training conducted with industry from as far as KZN. Furthermore, CTFL SETA sponsored short course development in textiles application. Conducted training programmes at least twice a year also in KZN.

The CPUT university faculty initiated four direct curriculum development initiatives. Established B Tech Textile Technology programme. Developed tailoring as a focus area and acquired equipment. Established retailing as module, which never existed before. Development of knitwear design courses with Prof Pusher (Germany). Linked textiles and clothing courses. Introduced new methods into the curricula. Currently working on development of technical textile courses.

“RALIS helps us to motivate for funding to establish a participative process with focus group to build curricula. Also using Ralis type of techniques in workshops and other areas of work at CPUT. This has helped to link to the outside world better, and also links inside the university. We are also now doing regular 3 yearly assessments of students, then use RALIS techniques to evaluate how well we are doing, and then areas of future change, development and direction. “

Private Sector: Lead firms, SMEs

“They have definitely been more responsive to industry.”

“There has been a little bit of change, not significant, slight improvement. Lot of soft topics taught /fringe training. Not technical.”

“Has become more relevant, such as the day release (Thurs pm, Fri Sat) making a big difference. Also much more relevant training is now taking place“.

“Absolutely, the curriculum and methodology are changing for the better”.

“There are definitely good things happening, not quickly enough though”.

“Yes, definitely one of benefits. More industry needs driven and much better offerings, they get people from Industry to help them..... Marianne and Shamil and Caroline (ITU) are brilliant in their responses to industry.”

Supervisor and Middle Management Training

Training material and courses have improved, but the private sector is still experiencing difficulties due to the nature of the calibre of staff they are able to attract.

CPUT: Technology Station, Faculty and Administration

This course is ongoing through the Technology Station training unit, and at CLOTEX. The Technology Station secured funding from the CTFLSETA to write learning material and is offering supervisor programmes at least twice a year. The “Phase 1 Supervisor” instrument and the “Phase 2 Smart skills for Supervisors” (8 modules) learning material development were funded by CTFL SETA. The TS put together a curriculum based on focus groups input from industry. CPUT learnt that it was necessary to package the course content differently for the specific needs of different companies. “We need to be flexible in the short course business.”

A lot of that has happened through the Technology Station. The Technology Station linked with firms to upgrade the skills of their people. As consequence, we have adapted our offerings to match the industry specific requirements.

Private Sector: Lead firms, SMEs

“We have done more training through the textile cluster”

“Yes, supervisory training. Its effectiveness cannot be seen in the workplace. In industry, supervisors are obtained by promoting the best machinists/operators, but they do not have the skills to be managers. They cannot control the workers in a section, you cannot teach this (management) stuff.”

“Supervisor training - we are going to the technikon. Middle management and technical training needs massive investment. There are not strategic thinkers available in the workforce, they cannot look at the holistic picture of the factory/production or look at how everything interacts together in a factory.”

“Only the cluster companies have changed. This has led to a quality framework for the future”.

“Slight improvement”

“They have made a concerted effort in this area”

Sector development organisations: Cape Clothing Cluster, and CLOTEX

Need identified by CLOTEX followed up –a specialised person has been contracted to run a full quality programme, the theory and support in implementation on the factory floor. Also at bigger manufacturers like Radeen Fashions has been using CLOTEX for both internal and CMT/SME subcontractor improvement programmes

Support for International Technology Transfer

The Technology Station has brought international experts to the local industry where their visits have had mixed results. The university has established new relationships with international universities.

CPUT: Technology Station, Faculty and Administration

GTZ sponsored visits by various staff at CPUT to Germany Higher education institutions, Technology research centres. GTZ also sponsored visits by Professors to CPUT and industry. Interventions conducted had significant impact not only in the Western Cape but KZN(KZN clothing Cluster). CTFL SETA sponsored visit by Technical University of Liberec(TUL) and through the skills fund have sent a number of staff from Frame Textiles to TUL for training.

The TS brought four international professors sponsored by GTZ who trained the university lecturers and some factories in new methods. The lecturers are now teaching these new methods, CAD/CAM, electronics, technical textiles, computer aided design. Also had a delegation from the Czech Republic, with expertise in textile technologies. CPUT has signed MOU's with both Sigmaringen- Albstadt (Germany) and Liebrich University (Czech) for clothing and textile technology information and student exchange. We exchange a number of students and staff as well. Now looking for a tertiary education and research partner in the USA and also in Asia.

Besides internal technology transfer, various individual companies also benefited directly.

Private Sector: Lead firms, SMEs

“Professor from University of Librec came out, were at some of the lectures. It was useful but we did not learn much new. Some points were raised that made us think.”

“CPUT has certainly done that. Expert on hi tech fabrics. This does help my business as my customers would consider hi tech processes more favourably.”

“Apart from professors from Germany don’t see much. Spent a lot of money but did industry send the right people to attend? Question efficiencies of the workshops/presentations.”

“Prof Liekweg (optimal sewing methods) was good.”

Link Productivity to Pay

Although many firms have various incentive schemes in place, these cannot be attributed directly to RALIS. The Union (SACTWU), who was nominated as champions, chose not to support RALIS but instead pursued its own agenda.

Lift Small Business Restrictions

This initiative went no where – had only negative responses from the union and the Department of Labour. The union pursued even more regulations and applied more pressures for SMEs to be compliant. With nobody in the public sector willing to act on this, there is little hope of progress in this area.

Directory of Support Institutions

No progress. Pursuit magazine used to produce an annual directory, but Pursuit, the only industry focussed magazine has also collapsed.

Share the Findings and Results

The RALIS findings and results were shared as follows by the Technology Station:

- S/holders presentation workshop.

- Report written was distributed by e-mail to the Technology Station mailing lists.
- Articles were published in media.
- Reports were posted as well on request.
- Article for written for the university (CPUT) internal research journal.
- A paper was presented at the Tshumisano conference.

Observations about Longer term proposals:

Establish R&D/Innovation forum across Value Chain

Although the evidence is not compelling, some firms believe some progress has been made. “It is happening in the (CCTC) cluster, we realised via Ralis that the R&D work being conducted was ineffective”.

Review Duty Credit Certificate (DCC) Scheme

Was subsequently reviewed, attempts from private sector to provide direction were ignored by the government (**the dti** : ITAC).

Promote “Cape” Fashion Brands

Stakeholders are trying via the Cape Town Fashion Council (CTFC) with limited results to date. RALIS could only claim to have informed the decision by provincial government to establish the fashion council.

Publish success stories

There have been success stories but few. The Monviso strappy story was published as a success in productivity improvement. Prestige is establishing and promoting a sense of best practises.

Facilitation of forming industry clusters

Clustering has started in the remaining large firms, small firms and there are unsubstantiated rumours that even at a micro level.

Private Sector: Lead firms, SMEs

“Yes, eg CCTC have done the best job in circumstances”.

“Yes, very successful, all the successes based on this principle”.

“There are some, but not influential enough. Constrained by lack of support by labour and the dti. “

Stakeholder Perspectives

Stakeholders have differing perspective on the benefits resulting from RALIS.

CPUT: Technology Station, Faculty and Administration

The Technology Station and University (CPUT) have no doubt in their minds that the RALIS process added substantial value to their work. The findings, process and methods have all led to improvements including:

- New and stronger relationships and networks with both industry and international experts,
- Enhanced credibility with stakeholders,
- Service quality has improved, and with that transactions, and
- RALIS methods have been utilised on various other internal participatory work.

Private Sector: Lead firms, SME's

The majority² of private sector stakeholders struggle to remember RALIS and if they do, they are seldom aware of the benefits that have derived. At the same time it needs to be emphasized that initiatives that flowed from RALIS or benefited from RALIS did not promote the fact that RALIS was key to the benefit they are experiencing. This is clear from the changes in private sector responses once their memories were aided and they were reminded of the links.

² Note that our sample of interviewees were those closer to the process than most.

Sector development organisations: Cape Clothing Cluster, and CLOTEX

Sector development organisations are generally supportive of the RALIS process and recognise some of the benefits. These organisations together with the Technology Station and university have done most of the hard work of implementing and driving the initiatives. The full benefits of the process are also not yet visible to them.

Public sector: Provincial Government and CTFLSETA

Provincial government and CTFLSETA supported the RALIS process but the extent of benefits accruing is not visible. They are therefore still a little uncertain about the merit of the process.

Trade Union: SACTWU

Surprisingly SACTWU also responded to RALIS albeit not in the way intended. It is evident that some of their consequential responses had good intentions, but resulted in some unintended consequences.

Conclusions

RALIS cannot claim the full credit for the results from the initiatives above as most of the work was done subsequent to the two week RALIS process, by other parties. What it can claim however is that it was undeniably a catalyst to many positive initiatives that followed – the identified initiatives but also others that followed from participants doing things differently than before.

The process brought stakeholders together in a non-confrontational process which greatly improved their understanding of the total pipeline/value chain situation and strengthened consensus on what the most critical issues were which required attention. In the process it established new - and strengthened existing relationships, which led to a plethora of collaborative activities. It established basic methodologies which now enable stakeholders to work together more efficiently. It shifted thinking about roles and programme

priorities of the support institutions. The benefits of these changes of insight and behaviour cannot be quantified.

Out of fifteen initiatives identified, only three (20%) have shown no progress. More than 50% have shown substantial progress. These initiatives have reached and benefited hundreds of firms and in excess of a thousand individuals whether they were entrepreneurs, employees or students.

In terms of the stated objectives of RALIS, have they been met?

Objective	Evidence	Conclusion
Purpose: to identify opportunities to improve the competitiveness of the sector, primarily by means of innovation.	Stakeholders agree that the right issues were identified	Succeeded
To gather and filter ideas on how to improve critical factors related to the C&T value chain	Stakeholders agree that the right issues were identified	Succeeded
To identify ways to overcome bottlenecks in the interaction between different elements of the C&T value chain in Western Cape	Stakeholders agree that the right issues were identified. There is a lot of evidence of new cooperation: <ul style="list-style-type: none"> • Design houses & CMT • Manufacturers and some Retailers • Increased use of support institutions The structural issues which are key, required the Union and the dti to support the industry. This did not materialise.	Limited success
To formulate practical proposals that will enhance innovation and strengthen the competitiveness of the C&T sector in Western Cape	80% of initiatives were followed through but the scale of impact was limited. Two proposals optimistically assumed the Union would work with industry to improve prospects of survival.	Partial success
To gain commitment from industry, government, support institutions and unions to support and implement the projects aimed at exploiting the short and medium term	Commitment was gained from most of the key stakeholders with the notable exception of the Union and the dti.	Partial success.

opportunities to improve competitiveness of the sector.		
To verify progress through an objective evaluation process.	This report is an objective evaluation.	Success
After successful implementation, the sector competitiveness increases and leads to increased business that in turn leads to more jobs and greater prospects of sustained global competitiveness.	Global market pressures and local structural constraints have overwhelmed the benefits derived from this process. A substantial number of firms have definitely improved their competitiveness as a result of work initiated / promoted by RALIS, and in so doing retained jobs they may not have. A small number of firms have grown and increased employment.	Partial success. Success not on the scale hoped for.

Taking into consideration that the RALIS process cost approximately R 120 000 to R 150 000, was conducted in only two weeks, and significant implementation followed, the instrument and approach compares favourably with alternatives.

Recommendations

Many stakeholders are not aware of the benefits resulting from RALIS. Distribution of this report may contribute to rectifying perceptions.

The fact that the process only resulted in partial success suggests possible improvements in the instrument and or application of the instrument:

1. View RALIS (or alternative similar instrument) as the planning, learning and networking **phase of a complete development programme**, spanning a cycle of 12 – 24 months.
2. Budget for and **appoint a programme manager** for the full programme cycle. The workload after planning may be as little as 2 days per month.

3. **Keep stakeholders informed with** quarterly progress reports.
4. Identify, track and record the spin-off benefits (not just progress with priority initiatives).

Annexure 1: RALIS Proposals Status Report 26 October 2004

<i>Short term proposals</i>	<i>Champions</i>	<i>Status</i>	<i>Next steps</i>	<i>By When?</i>
<i>Marketing</i>				
5.1 Identify Potential Niche Markets		<ul style="list-style-type: none"> • Proposal parked due to lack of interest • The dti and PGWC targeted specific niche markets at Trade show in Las Vegas and via EU Agents based in Cape Town. 	<ul style="list-style-type: none"> • USA experience has shown that the EU is a more appropriate market for potential South African exporters. 	Nov/Jan/ March/April
5.2 Inward Trade Missions		<ul style="list-style-type: none"> • Proposal parked due to lack of interest 	<ul style="list-style-type: none"> • None 	-
<i>Productivity, Quality & Service Levels</i>				
5.3 Benchmark Sector Across Entire Value Chain	PGWC, Technolo	<ul style="list-style-type: none"> • PGWC benchmarking pilot in selected clothing manufacturers by Justin Barnes (B&M 	<ul style="list-style-type: none"> • It needs some refinement after 	30 Oct 04

	gy Station	<p>Analysts) has started.</p> <ul style="list-style-type: none"> • It has been determined that international benchmarking information is available via the internet, but this requires subscriptions. • A proposal wherein CPUT, CLOTEX and NAMAC offer low fee based benchmarking information and support to enable all those that can benchmark themselves has been drafted. THIS WILL ENABLE THE MAJORITY OF FIRMS TO KNOW WHERE THEY ARE COMPETITIVE AND WHERE NOT. Awareness of error being the first step of learning. Most people could then ask somebody who has the required knowledge/experience. If they need an introduction, the benchmarking service provider does a referral to the appropriate person. • Publish 4 case studies of world class success 	which it will be circulated for comment.	
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		stories, to prove SA can compete, to others in Clothing and Textile sectors and to policy makers		
5.4 Quality and Productivity Management Systems for CMTs	CLOTEX (Stuart)	<ul style="list-style-type: none"> • CLOTEX/ (Stuart) in progress 	<ul style="list-style-type: none"> • To be formalised - process has started 	<p>1st Review Mid-Nov 04</p> <p>2nd Review 1st wk Feb 05</p>
5.5 Make Technical Training More Relevant	CPUT (Mariann e)	<ul style="list-style-type: none"> • Way forward workshop held with SETA CEO (Husein Rasool) present on 10 May 2004 • SETA rejected funding proposal 	<ul style="list-style-type: none"> • Resubmitted to SETA 	Awaiting reply
5.6 Supervisor and Middle Management Training	Training Centre at Pentech/ Technology station (Caroline	<ul style="list-style-type: none"> • Way forward workshop held with SETA CEO (Husein Rasool) present on 10 May 04 • Objectives reduced to 2 deliverables: 1. Diagnostic kit for identifying training candidates with potential for being supervisors, and, 2. Tool that helps firms determine whetehr 	<ul style="list-style-type: none"> • Focus session with senior Mangers and owners • SETA did not approve! 	27 October 04

	Elston)	<p>supervisory training courses are good /effective.</p> <ul style="list-style-type: none"> • SETA rejected funding proposal. • Clotex and CTCC are also currently working on appropriate supervisor training within their constituent industries 		
5.7 Support for International Technology Transfer	Technology station and Tshumisa no	<ul style="list-style-type: none"> • Tshumisa fund exists, with criteria for use. 	<ul style="list-style-type: none"> • Interviews and Focus session to establish requirements with expert 	End October
5.8 Link Productivity to Pay	SACTWU nominated, PGWC accepted	<ul style="list-style-type: none"> • Meeting with SACTWU (Trade Union) scheduled for 17 May canceled • Subsequent requests for meetings met with no response • Clear from the unwillingness to meet that SACTWU does not support the RALIS proposals • Initiative with SACTWU failed 	<ul style="list-style-type: none"> • Consider alternative to share best practices on productivity incentive schemes • CPUT and Stuart to try and obtain information on 	Nov 04 Feb 05 March 05

			various productivity schemes, international and local.	
5.9 Lift Small Business Restrictions	SACTWU nominated, PGWC accepted	<ul style="list-style-type: none"> • Meeting with SACTWU (Trade Union) scheduled for 17 May canceled because the leader has not been consulted yet • Subsequent requests for meetings met with no response • Clear from the unwillingness to meet that SACTWU does not support the RALIS proposals • Initiative with SACTWU failed • SACTWU supported PGWC leadership to get into political power. 	<ul style="list-style-type: none"> • Initiative stopped. 	-
5.10 Directory of Support Institutions	Pursuit	<ul style="list-style-type: none"> • Pursuit agreed 	<ul style="list-style-type: none"> • Stuart and CPUT to start the process 	Nov04 Feb 05
<i>Other</i>				

5.11 Share the Findings and Results		<ul style="list-style-type: none"> • Report drafted and distributed to all participants. • Contract for this RALIS follow up work delayed communication with stakeholders 	<ul style="list-style-type: none"> • Further meetings with key stakeholders • RALIS progress report to be e-mailed to participants and other appropriately identified industry role players. 	Oct 04
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