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ASSISTANCE TO TIRO YA DIATLA AFRIQUE CO. IN MARKETING AND
EVALUATION OF ITS EXPANSION PROGRAMME

SI/BOT/90/801/11-51

BOTSWANA

Technical report: Findings and recommendations*

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TABLE OF CONTENTS

	PAGE
ABBREVIATIONS	3
CURRENCY RATES	3
I INTRODUCTION	4
A Background of Tiro Afrique	4
II OBJECTIVE OF THE PROJECT	7
III ASSESSMENT OF PROJECT	8
A Assessment of operation and products	8
B Assessment of suitability of existing machines	12
C Assessment of skills and additional training	13
D Evaluation of planned expansion programme	15
E Evaluation of U.S. market research	16
IV RECOMMENDATIONS	19
A Improvement of efficiency and products	19
B Identification of additional training	21
C Suggestions to planned expansion programme	22
D Suggestions to U.S. market research	24
V MARKET RESEARCH	26
1 Local market	26
2 Regional markets	27
3 European markets	30
4. U.S. markets	33
5. General assessment	33
6. Suggestions for improvements	34
VI MARKETING PLAN	37
A Time schedule for range presentation	37
B Distribution policy	38
C Designated areas	39
D Appointment of agents	40
E Projected sale targets	41

ANNEXES

SALES PROJECTION 1990/91

SALES-PRODUCTION ANALYSIS 1988 - 1991

PRICE LIST 1990

LETTER COMMERCIAL ATTACHE BRUXELLES

CAPITAL REQUIREMENTS 1990/91

TIRO AFRIQUE LABELS

ABBREVIATIONS

UNDP	- United Nations Development Programme
UNIDO	- United Nations Industrial Development Organization
RSA	- Republic of South Africa
BRD	- Bundesrepublik Deutschland
UK	- United Kingdom of Great Britain
BDC	- Botswana Development Corporation
NDB	- National Development Bank of Botswana
BB	- Barclays Bank of Botswana
ABLE	- American Business Linkage Enterprise
TyD	- Tiro ya Diatla Spinning Mill
SV	- Supervisor
P	- Botswana Pula
R	- South African Rand
ZVD	- Zimbabwean Dollar
USD	- United States Dollar
BPd	- British Pound
DM	- Deutsche Mark
ffr	- French Francs

CURRENCY RATES AT 15.11.1990

USD	1 -	P 0.54
BPd	1 -	P 0.276
DM	1 -	P 0.80
ffr	1 -	P 2.70
ZVD	1 -	P 1.28
R	1 -	P 1.37

The middle value between buying and selling has been taken.

I. INTRODUCTION

The following report has been prepared according to the duties which were given to the consultant to develop a realistic export marketing plan and evaluate the planned expansion programme of Tiro Afrique. An analysis in respect of marketing, sales, products, production, machinery and labourforce will describe the present situation in the Company.

It is of great importance to follow through the given recommendations, especially the marketing strategy. A constant contact with distributors or agents and a yearly trip to the European market in March every year is necessary to launch the range and to keep good customer relations. Visits to fashion fairs is a necessity to see trends, colors and yarns for the coming season and to assess the strength of competition. For the development of a winter collection, mainly for the Overseas market, it is advised to contract a designer specialised in heavy gauge knitwear for an eight week period per annum in the month of November and December. A feel for trends, markets and colors is a precondition.

A. Background of Tiro Afrique

This report will not deal with detailed background information, because respective project documents are available, only a short historic background is composed.

MORAD as the founder of TyD (Tiro ya Diatla) has financed a further development and formed Tiro Afrique, the knitwear plant, as a sister Company to TyD in 1986. The equipment was ordered mainly from Italy and has been installed in the second half of 1987.

UNDP has contributed and paid for feasibility studies, employment of factory/production manager, six month Overseas training for two local employees and a Norwegian fashion designer for a three month duration. The objective has been, to get the project off the ground and supply the Overseas market with Botswana handknitted garments. Employment opportunities for Ladies and Schoolleavers was another criteria.

MORAD suspended further investments and payments end of 1987 and BDC (Botswana Development Corporation) in conjunction with NDB (National Development Bank) took over the loans and carried on to finance the operation. Overdraft facilities were granted from BB (Barclays Bank of Botswana) for required working capital and a financial sound enterprise was guaranteed.

Until now the financial arrangements with BDC, NDB and BB are still in force, though the budgeted profitability is not quite achieved.

Performance is poor and the soaring prices of the garments reduced the forecasted sales potential.

Tiro Afrique was created as a separate Company for the purpose of using TyD access capacity of spun Karakulwool and blends thereof. The calculated yarn requirement of the knitting mill per annum was Kg 36.000-.

Tiro Afrique was established as flatbed handknitting plant for the production of heavy - coarse gauge knitwear, because TyD was not able with their machinery to spin fine count yarn. Many project documents were prepared by various textile consultants and they came to the conclusion to introduce the coarse rough Karakulwool, which is only used as carpet yarn, to the knitwear market in Europe. Karakul fibres are available in small quantities in Botswana, but the bulk is imported from Southern Africa (RSA, Namibia).

The knitwear factory was opened late 1987 and the factory-manager performed the in house training of the operatives satisfactory. The collection which was designed by the Norwegian designer was completed early 1988 and despatched to the European agents by Mid 1988.

It was learned from remarks received, that Karakulwool was not suitable for knitted outerwear, because the coarse fibres are scratching the skin, even through shirts and underwear. Incorrect styling, sizing and designs created a market rejection. It is very difficult to get established in a competitive, oversaturated market and the brand Tiro Afrique has left a bad memory on some customers.

The management reacted favourably to the market trend and changed over a period of time, the input of the existing raw material, to the much

softer high quality 100% Corriadale wool yarn. The reaction in RSA was positive and small orders were received and the merchandise delivered. The European market reacted carefully and waited for completely new designs in other yarns.

Through the experienced difficulties on the European market expected sales were not forthcoming, therefore planned production schedules were not achieved and cashflow problems arose. The designs, styles and sizes had to be adapted to a sophisticated market and it was found necessary to approach UNIDO again and ask for a new designer.

UNDP has reacted favourably and a designer from Europe was contracted to develop a new range. Duration for two month end of 1988. The ranges were sent to Europe but the sales were not great, although the Southern African region reacted positively with increased sales.

Towards the end of 1989, the designer was appointed again to create a winterrange for 1990/91 Europe, but still no sales were achieved.

Samples were distributed to UK, Germany and Belgium, but the response was poor. Relevant correspondence was sent to Tiro Afrique to be able to adopt the merchandise to the markets concerned.

The next application to UNDP for a marketing - sales consultant was granted and the posting for a two month duration was taken up at the beginning of October 1990. The objective of establishing a marketing strategy and the establishment of agents or distributors in Europe has been performed.

To balance the production of the plant is of great importance, because the Southern African and European seasons are six months apart and slack, unproductive periods can be avoided. The main objectives are the development of a European winterrange 1991/92, which should be shown overseas during March. The future of the company depends on sound management, more sales and the involvement of BDC, NDB and BB for financial backing.

II. OBJECTIVE OF THE PROJECT

The objectives are listed in the following manner of importance.

1. NORAD has financed TyD as handicraft centre and to spin local Karakulwool, which is grown by small scale farmers, commercially. The benefit of Karakul fibre sales was distributed to the farmers as additional cash income.
2. Tiro Afrique was created to act as an enduser of the spun Karakulyarn from TyD (Tiro ya Diatla) in Lobatse.
3. To establish a knitwear industry as near as possible to the spinning mill.
4. To create employment opportunities for women and schoolleavers in production activities.
5. To develop technical and managerial skills for employees in private industry.
6. To promote and market Botswana handknitted outerwear on the export market and create foreign currency income.
7. To supply the Botswana market with locally produced woolen jerseys for the cold winter season.

After three years of operation one must acknowledge that the objectives were only partly achieved and detailed informations of failures will be discussed at the relevant sections.

The planned expansion programme which was envisaged in the first feasibility study must be reconsidered, because high technology developments in the knitting industry, over the last few years, is to the detriment of Tiro Afriques handknitting operation. The output of the plant is very small in comparison to the high overhead structure and the large number of operators employed.

The useage of TyD Karakulwool had to be abolished and new supply sources of raw material have to be found to secure consistent and constant supply of good quality yarn which is important for the export market.

A further disadvantage to the Company is the constant change in top management and the lack of suitable middle management, because managerial skills are not existent and hard to find amongst local people.

III. ASSESSMENT OF PROJECT

Tiro Afriques 1/2 acre premises which are owned by the company are situated northeast of the Lobatse suburb of Wood Hall. The building of 645 sqm which is a steel construction was specially designed to house the knitting factory. The building is of better class finish with Aluminium foil insulation on the ceiling and is well maintained. Minimal officespace is available and a combined show - boardroom would be advantageous to service customers in the right manner. Samples which should be kept for the season should also be stored in the showroom for detailed reference, when they are copied for orders.

The factory section has ample space for the planned installation, referring to the feasibility study, of further 13 handknitting - and ancillary machines. If the forecast of 400% production increase can be achieved, then a shortage of officespace and storage facilities will occur. The present yarnstore of 30sqm is for present conditions too small and unsuitable for increased stock holding. Additional toilet - and cloakroom facilities must be provided for the larger labourforce which has to be employed to operate additional machines.

A. Assessment of operation and products

1. Operation

Tiro Afrique is a manufacturing Company of knitted garments operating with flatbed handknitting machines. The Italian built machines in production consist of :-

- 10 motorized flatbed handknitting machines 3 ggs
- 2 Intarsia singlebed handknitting machines 2 1/2 ggs
- 4 Linking machines 4 ggs (for assembling jerseys)
- 1 Linking machine 3 ggs which is idle
- 2 Electric heated steamtables fed from a water softener unit
- 1 Drycleaning - combined washing machine make "Spencer"

The machines are in good condition and well looked after.

- 1 onehead conewinder is in operation to rewind faulty panels

and is sometimes used to wind hanks onto cones.

1. The company has made the right decision to cater for the expensive high class knitwear market, because the output of merchandise in relation to the labourforce is relatively low and therefore high selling prices have to be achieved, but faultless garments are expected.

The production of handfashioned knitted outerwear is a reasonably simple operation, because only two types of machines i.e. knitting - and linking machines, are required to manufacture a complete garment. If a proper administration - and organisation scheme is introduced, a 45% production increase can be expected. At this stage, it is apparent that no system was set up, therefore the factory is not functioning properly.

During the assignment it was noted that the following primerecords are not existing, which are necessary for accurate costings and to keep a tight control on the operation and production performance.

- 1.1 Orderanalysis sheets to record incoming orders and prepare production cards based on order information.
- 1.2 Rawmaterial - and accessory computation compiled from the orderanalysis sheet for the purpose of ordering the right amount of rawmaterial.
- 1.3 Production cards with detailed information, issued via the yarnstore controller to the knitters for the production of required garments.
- 1.4 Production records referring to production time and rawmaterial consumption to check productivity.
- 1.5 Attendance register to control exact working hours and absenteeism of employees.
- 1.6 Sales chart, analysing orders according to delivery month units and value, to have basic information for production planning and reference to budget.
- 1.7 Production planning roster for the purpose of confirming delivery dates and control of performance.
- 1.8 Customer files with relevant correspondence, orders copies and copies of invoices in case of complaints.

- 1.9 Agent files stating information about customers, terms, suggestions of new styles, sales performance and commission statements with invoice copies of delivered units.
- 1.10 Counter samples of issued ranges should be kept for reference in case of changes to designs and size.

Considering that the factory has been operating since 1988, it must be pointed out that the given budget figures were never met. It was noticed that past and present production and sales are much lower than calculated and therefore the company suffers cashflow problems.

Efficiency runs at maximal 30% only.

1989	Budget	P 491.300-		Units	6800
	Achieved	P 98.800-	20.1%	1820	26.8%
1990	Budget	P 476.000-		Units	17400
	Achieved	P 150.000-	31.5%	2300	13.2%

The actual delivery figures for 1990 were only compiled until the end of October. An improvement of sales can be expected, because larger deliveries will take place towards the end of the year. Finished garments are in stock for delivery to customers. Labourrelations is friendly and cordial and therefore operators behaviour is slack. Strict fair middle management is not available and the position of a floor - or production manager is vacant and can not be filled. Lack of supervision and the non existence of well timed production targets result in low output. Budgeted turnover figures have to be constantly revised and calculated overhead costs are often increased to cover fixed expenses. Management performs minor tasks i.e. writing production cards, answering telephone, typing letters and lose a lot of their valuable time. The position of a most needed clerk is not filled. Top management consists of two American peacecorps volunteers, who are recruited for two years to run the Company in a professional manner. Their duties are financial control, marketing - sales, purchases, production supervision and assuring that budget figures are met. The necessary support of the production personnel hinders the smooth running of the operation. The volunteers are devoted to the assignment and through their effort it is possible to keep the Company in operation.

2. Products

Designed handfashioned pullovers and cardigans for Ladies and Men are produced. The used rawmaterial consists of 100% CorriadaLe wool from RSA or 100% Shetland wool imported from Scotland. The plant is very limited on available yarns, because 3 ggs machines are only able to knit coarse count yarn. The weight of the garments range between 700 to 900 gr and therefore the access to the market of heavy jerseys is very limited because the weight should not exceed 700gr. The merchandise is of high quality, because one can classify the article as handmade. No cut edges or simple sewingmachines are used, all the panels are assembled by linking machines. For improved quality the garments are all drycleaned or milled, before delivery, to avoid shrinkage and to apply a softer handle.

High rawmaterial content and low production results in a high selling price, which in turn limits the sales. Only a sophisticated, exclusive market can be approached. A handknit look is apparent and Argyle - Fishermans Rib and Cable stiches are knitted to create a sportive look. The majority of the jerseys are manufactured in natural colors with some Intarsia designs used on fronts only. The winterrange 1990/91 looked very dull because lots of dark shades were used.

The price per item varies from P 50- to P 100- depending on designs and weight.

To improve sales the management introduced a cheaper Acrylic knitwear range for uniforms and sport, in simple classical knits and styles, though handknitted. The lower price structure accounted for local sales, but the average price in comparison to wool jerseys has dropped by 60%. The garments look similar to the type which is s. by the competition. Further developments are carried out with cottonyarns for the summer season, specially for the local market, but the merchandise is not saleable at this stage. The garments are too heavy and harsh and other rawmaterial sources have to be

found. Different designs and knitstructures must be selected to achieve more competitive prices and book more orders.

B. Assessment of suitability of existing machines

The operation is equipped with Italian built machines Model "1986".

- 10 INMEA motorized flatbed handknitting machines 3 ggs
- 2 PROTTI Intarsia singlebed handknitting machines 2.5 ggs
- 4 EXACTA linking machines 4 ggs (for assembling of jerseys)
- 1 EXACTA linking machine 3 ggs which is not used
- 2 PONY electric heated steamtables
- 1 water softening unit to supply soft water to steamtables
- 1 SPENCER drycleaning - combined washing machine (British)
- 1 Hank to conewinder (or rewinder) one head.

First it has to be differentiated if the machines are suitable :-

- 1 For the market requirement of heavy knitwear
 - 2 To be suited for the yarn spun by Tiro ya Diatla
- because different approaches have to be taken

1. Market Requirement

The market for heavy gauge knitwear is relatively small and a good design team has to produce constantly new ranges to cater for the European and higher class market of Southern Africa. Referring to the climatic conditions around Botswana it is hardly feasible to create lots of demand for heavy gauge wool jerseys. An in depth marketing survey was neglected and therefore the budgeted sales have not materialized.

Considering the market demand and price structure the Company should have been advised to purchase 6 or 10 ggs machines to be more versatile. Mechanical - automatic machines should have been chosen, because the productivity on handmachines is minimal. The knitting performance in this part of the world is much slower, compared to Italy, Scotland or Far East. The linking machines are well matched to the knitting machines in gauges and the drycleaning machine was a necessary investment for the type of product which is manufactured.

2. Suitability to Yarn

The machines are definitely suitable to knit garments of coarse count yarn spun by TyD. The finest yarncount TyD was able to spin was Nm 4.2/2, which can only be knitted on 3 ggs machines. The ancillary machines "linkers" are matching the gauge of the knitting machines. One 3gg linking machine was not necessary, because a 4 gg linker can be used for the 2.5 gg Intarsia machines. To include two Intarsia machines was a good thought, but excellent knitters with fashion flair are needed to operate them. Intarsia designs are pieces of art and to produce one frontpanel can take up to 4 hours. It is impossible to recoup the high labour cost in the garment. modern electronic machines produce the same patterns in only 15 minutes.

To summarize the situation it is feasible to operate the factory successfully, if the efficiency can be improved and the collections are styled to the market demand in whichever country. It would be possible to change the machines to a finer gauge which would entail further investment costs. The machines have to be fitted with new needlebeds and racking devices. Price quotations were demanded through the agent, but so far not received. Apparently, the machine manufacturer had closed down.

C. Assessment of skills and additional training

General labourforce information.

The staff of Tiro Afrique consists of two American Peacecorps volunteers and 31 local employees, which are working 230 days per year, based on 5 days per week of 37.5 weekly working hours. General office and sales is controlled by four staff members. Production supervision and stock-control employs four people. Production section is operating with twenty five employees.

Train: : It is very difficult to ascertain the depth of personnel training, but basic knowledge of operation and relevant duties are apparent.

At this stage the bookkeeper attends a six week course to obtain more advanced bookkeeping and business management knowledge. It is envisaged to hand over the financial and personnel management to her.

One sales assistant receives an in house training to get familiarized with sales and customer relations. Eventually this important position will be taken over, after enough experience has been obtained.

The technical assistant and mechanic were sent for a six month training period overseas to knitting machine manufacturers to obtain a thorough knowledge of the techniques and the ability to fulfil minor repairs. Further short periods of in house training would be fruitful. The production supervisors are also well trained staff members, who can perform their duties effectively, if management had the time to check performance.

The operators on the machines were trained on the job and they are able to perform the given task successfully.

The approach to work is very slack and therefore production performance is very low. It was recognised that no training in personnel management or labour relations was ever thought of. Additional training would only be necessary for the purpose of efficiency increase and to obtain a stricter control of the labour force. Technical abilities, even by complicated knit-structures are existing.

Skills : Each employee in production has enough skill to fulfil the given task to the Company's satisfaction. The best example is the high quality of merchandise which is turned out and appearing faults are slackness of control and checking. All operators would be able to train new people, because enough experience is apparent.

The Company lost during the last fifteen months, two well trained, skillfull supervisors through internal friction in labour relations. It was impossible to fill the gap with locally trained personnel and the best operators were promoted to the higher grade. It will take some time before they are accepted by the labour force and every support from

the management must be extended to strengthen their position. Tswana do not easily accept their own people as ordonanz.

Tiro Afrique suffers on performance because the position of a factory manager is not filled, referred to in the feasibility study, and the hand in charge is too weak to control the labour force.

D. Evaluation of planned expansion programme

The information for the expansion of Tiro Afrique's knitwear plant was extracted from the original feasibility study and the capital requirement forecast for 1990/91. As already mentioned, it is noticed that the existing plant is only working on 30% efficiency and the orders on hand for the next four months deliveries amount to only P 120.000-. Before any expansion and installment of additional machines is envisaged, the low output must be rectified. The budgeted target of sales and production must be achieved and the necessary marketing plan has to be established.

The original suggestions to increase the factory's output with the same type of machines must be reconsidered, because it is not feasible to produce a competitive merchandise with that type of equipment. The new technology, which has developed over the last few years in the knitting industry, leads to more modern and faster machines. Electronic - computerized equipment can produce the same article in a much shorter space of time and therefore less expensive. Garments produced on those machines look handknitted, because they are fully fashioned with complicated stitch designs.

The competition is fierce and the European market is more price conscious when they order merchandise.

Before any additional machines are ordered the present situation must be analyzed. To cover the overheads the prices of the jerseys were increased and are nearly twice as high as previous calculations. Today's average price for export of P 60- is not compatible with the proposed average price of P33.50 taken from the feasibility study worked out in

1985. The price structure of textile goods has not seen any increases over the years.

The expansion programme of P 215.000- for additional machines of the same type and make is not justified. A new approach to products and markets will come to different conclusions. Further consultancy work should be performed to reassess any investment plans. New raw material sources and labour force problems have to be considered and the situation of production management must be solved, to guarantee success in the future.

E. Evaluation of U.S. market research

1. Background of report

The company instructed ABLE (American Business Linkage Enterprise) in June 1989 to prepare a market research study in the United States. After signing the agreement in July 1989 and submitting five samples of sweaters, to obtain a market opinion, ABLE acknowledged the required task and completed the study by the middle of October 1989. The aim of the study was directed to obtain information, as to whether Tiro Afrique was able to sell heavy gauge wollen knitwear on the very competitive American market. A further reason was to find agents, through their contacts in the States which are well established in the trade, to achieve most needed sales. The expected sales from the European agents were not forthcoming. The following questions were stipulated to ABLE and relevant informations were expected :

- a. Identify channels of distribution.
- b. Provide overview of market for 100% wool sweaters.
- c. Provide available public statistics and identify private statistics if obtainable.
- d. Identify trends in the fashion field pertaining to sweaters.
- e. Obtain information on competition, pricing and market share.
- f. Target a group of importers, distributors and retailers.
- g. Contact executives at target companies to determine market

acceptance for sweaters and problems for market entry.

- h. Compile results of conversations with executives to provide valuable practical information on U.S. market trends.
- i. Identify any important associations or trade journals.
- j. Provide information on import regulations and duties.

The report which contains 42 pages and a further 38 pages of statistics, letters, magazine cuttings, sizecharts and correspondence with various companies is very precise and detailed. It is not intended to repeat the full study, only the main points will be extracted.

After examination by five leading fashion buyers, of the provided samples and pictures, the following advice has been given.

2. Advice of changes

- 2.1 The garments should be restyled, redesigned and more bright colors must be introduced.
- 2.2 An American freelance designer should be employed to create a special range for the U.S. market.
- 2.3 Attend U.S. tradeshows and fashion fairs to get the feel of the market and meet buyers, designers and manufacturers.
- 2.4 Sweaters with ethnic designs did not get a good response and it is suggested to approach the black community.
- 2.5 Change to different yarns, construction and knit more yarnblends, to be competitive in price and styling.
- 2.6 To approach existing knitwear manufacturers and produce their brand under contract. This would avoid the establishment of the Company's own salesforce.
- 2.7 If it is still considered to conquer the U.S. market, Tiro Afrique has to obtain a fashion - marketing guidance and establish a powerful salesforce. Production capacity of 1000 sweaters per month would not be profitable to justify the expenditure.

3. General market information

- 3.1 The prices of the sweaters in their present form are too high, because similar merchandise from South America and the Far East is purchased for 30% less.
- 3.2 The label "Made in Botswana" has no impact and it could be to the detriment, because African merchandise is cheap.

- 3.3 The styles and designs are not suited for the U.S. market, because the fashion trends are different to Europe.
- 3.4 The sweater market is oversaturated and imports of jerseys have dropped by 30% in relation to 1987.
- 3.5 The market of heavy knitwear declined 12% by Men and 3% by Ladies over the last year and more blended yarn is used on knitwear.
- 3.6 The marketshare of wool sweaters in 1987 amounted to only 6.1% of the knitwear market and is still declining.
- 3.7 The U.S. market operates in two price brackets, i.e. commercial knitwear - wholesales between USD 6- and 12-, and better class ranges - wholesales between USD 15- and 55-. The quoted prices are CIF U.S. port and include 17% duty and 10% agents commission, calculated on retail price.
- 3.8 Delivery times for garments vary from 6 to 8 weeks from the date of order written. Tiro Afriques operation is not able to fulfill orders in a short space of time.

The volunteer executives from ABLE have interviewed 20 companies across the textile market, i.e. Buying Services, Department Stores, Retailers and Catalogue Houses. 15 companies are not interested to get in contact with new suppliers and 5 companies can be followed up, because the merchandise executives were not available for discussions.

4. Evaluation of U.S. market study

- 4.1 It is questionable if it was necessary at this stage to try to enter the U.S. market, considering that production capacity for the huge market was too low.
- 4.2 The high investment to create a new range, select colors and start a marketing trip can not be justified in relation to the expected return.
- 4.3 To service the U.S. market in time with samples and information is very difficult, because the distance is great and even communication becomes a problem.
- 4.4 At this stage it is impossible to accept orders for short deliveries, which can not be executed in time, because the work pace is too slow and low efficiency occurs.

IV RECOMMENDATIONS

To give recommendations to Tiro Afrique's operation it was necessary to spend time on the factory floor to be able to analyse problems, which occur constantly. Some valuable time was devoted to organisation procedures and developing new samples in brighter colors, different designs and styles. Though it was not stipulated on the assignment paper it was important to introduce immediate changes, to improve efficiency. Raw material handling and the flow of merchandise had to be detected and despatch procedures were checked.

Production ability of manpower was observed to establish the need of further training.

Machinery was assessed on versatility, conditions and pattern possibilities. The expansion programme for additional machinery was studied.

The U.S. market study compiled by ABLE was studied and analysed to be able to recommend necessary steps which should be taken.

A. Improvement of efficiency and products

1. Improvement of efficiency

Any changes to present procedures and the introduction of a new organisation scheme will take some time before it is successful. If tighter controls are introduced, rejection from the labour force must be expected and management has to interfere more often to avoid slackness. Costing sheets with time targets were worked out on newly developed styles, which again will lead to friction with operative, because they are against set targets. For the purpose of stringent production control, the following steps were taken :

- 1.1 Order analysis sheets were introduced.
- 1.2 Raw material and accessory computation are compiled by the sales assistant.
- 1.3 Production cards with detailed information were issued and given to the SV knitting via the yarnstore controller, who issues the

required yarn.

- 1.4 SV knitting has to keep production records and issues production cards to knitters. Further duties are quality control and measurement checks.
- 1.5 Attendance register, controlled by the mechanic - production assistant, to keep control on working hours.
- 1.6 Saleschart is kept up to date by the sales manager.
- 1.7 Production planning roster is not operating yet, because production control is not functioning properly. Sales manager would be responsible for updating.
- 1.8 Customer files are kept up to date by the sales manager.
- 1.9 Agent files are handled by the sales manager, to be in possession of all required information.
- 1.10 Counter samples are not existent and no storage facility is available.

Increase in efficiency can only be achieved if time targets are set and met. The Company can not show any profitability by constant increases of selling prices, just to recover overhead costs. The prices for that type of garment are already too high and in no relation to the competition.

A careful strict production manager is needed to guarantee the success of the operation.

2. Improvement of products

Manufactured garments are well finished and the raw material used for production is suitable for this type of garments. The handknit look is achieved by using different stitch structures, i.e. Argyle - Fishermans Rib - and Cable Stitches.

- 2.1 Ranges must be styled for a particular market in mind, because the trends vary from country to country. Europe, America, and the Southern African region differ in styles, colors and designs. A designer for a two month period p.a. should be employed.
- 2.2 A cheaper commercial collection must be developed to get more sales. The average weight per garment reduced, simple knitstructures performed. Majority of the styles should have dropped shoulders, because the machines can be operated by motor.

- 2.3 The present color range has to be adopted to include more fashion trend colors and more view to be taken to trimmings.
- 2.4 To create some interest on the garment, embroidery and crochet handicraft can be applied. Batches, insets of woven fabrics would brighten up a jersey.
- 2.5 New types of yarn, i.e. Mohair or Wool/Mohair blends, Cotton or Cotton blends and natural fibres blended with a small percentage of synthetic fibre should be introduced to add more variety to the range.

As seen from the past the distributed sample ranges to the European agents have not found much response. Overall the remarks received mentioned high prices for the jerseys, dull colors and not enough flair appears in the range.

It is suggested to employ a designer, for two months per year, who is familiar with heavy gauge knitwear and yarn types. Fashion conscious sample ranges, which are saleable have to be created.

B. Identification of additional training

Apparently, the training of the operatives was well performed and skills are evident.

The main problems in the factory arise through negligence and misbehaviour, lack of performance must be avoided.

A course in labour discipline, behaviour and efficiency would be of benefit to the operators.

A further technical training programme is not necessary, because the operators manage the given tasks well. Skills get further developed with proper job performance.

It is suggested to send the production assistant and SV. for further training courses, dealing with labour relations, discipline, performance increase and general knowledge of management. Technical knowledge is well introduced and skills are present. In case of further intake of employees the technical training has to be performed in the factory, because no vocational training facilities for the textile industry is

available in Botswana. The present labour force is able to teach new operatives in knitting, linking and finishing.

C. Suggestions to planned expansion programme

Assessment of the present situation shows clearly a shortage of orders, low performance, weak production management and undisciplined labour force, therefore a lack of productivity. Before the new expansion programme is pursued, the operation must increase efficiency.

Referring to market trends Local, Regional and Overseas, the Company should become more versatile. Versatility meaning, manufacturing a variety of garments in different weights, yarns and design, which is not possible with existing machines. Considering the six years development plan and doubling production in year four, it is suggested to revise the type and gauge of the knitting machines to follow market trends.

It is advised to consider the following machinery, if the expansion programme should be executed. The prices quoted are estimated cost prices, delivered to Botswana, because not enough time was available to study market prices of second hand reconditioned machines for the knitting department only. It will not be difficult to source bargains Overseas or in RSA, because the knitting industry is presently in a slump period. Sewing - and ancillary machines have to be bought new.

1. The most needed machine for the existing operation is a four reel rewinding machine. It is suggested to purchase such a machine in the near future. The machine would pay for itself within a year of operation, because all wrong or faulty knitted panels could be rewound and the yarn reused for knitting. Raw material savings would justify the investment. Cost P 4.000-
2. Change 4 Imma knitting machines from 3 gg to 6 gg. The investment would not be great, because only needlebeds and racking devices have to be replaced. The existing needlebeds can be kept in case demand for heavy gauge knitwear increases. Cost P 24.000-
3. Purchase of 2 semi automatic specialized sleeve knitting machines 3 gg to improve productivity on heavy gauge jerseys. The machines

are able to increase needles automatically to form the shape of a sleeve. Cost P 20.000-

4. Purchase of 2 semi automatic specialized sleeve knittig machines 6 gg to match the converted 4 Imnea 3 gg machines. The same performance as mentioned above. Cost P 20.000-

5. Purchase of 4 automatic 10 gg knitting machines for the production of schoolwear garments and uniform jerseys for Government - and Private Institutions, i.e. banks and insurance companies. 1 band knitting machine 100 gg has to be included to produce trims. Cost P 52.000-

6. Purchase of 4 linking machines 8 gg to be able to assemble the manufactured sweaters from the 6 gg knitting machines. Cost P 16.000-

7. Purchase of 2 linking machines 14 gg for linking bands, collars and trimmings to achieve a better more expensive finish on the garments, if required. Cost P 10.000-

Purchase of new sewing - ancillary machines which is entirely used for the make up of 10 gg knitting garments. A separate section will be set up for this operation.

8. 1 circular knife cutting machine, 3 Overlocks, 1 Coverseam, 2 Chainstitch, 1 Buttonhole, 1 Buttonsew and 1 Bartack machine. Cost P 52.000-

The estimated total investment would amount to P 198.000- which is a fraction below the budgeted amount of the planned expansion programme. It is necessary to employ a strict production manager, who can control the labour force in a professional manner, to achieve the budgeted task. The forecasted production schedule, if discipline and set targets are achieved, will amount to a total yearly output of :

Garments of 3 gg machines	14800 units	value	P 740.000-
Garments of 6 gg machines	11500 units	value	P 460.000-
Garments of 10 gg machines	19700 units	value	P 394.000-

The calculated figures are quite conservative and based on 75% efficiency only. An increase in production will require further capital input to secure constant raw material supply. To receive detailed accurate figures a feasibility study would be necessary and the

estimated cost prices of the machinery has to be checked. The calculated output can be achieved, if sales are forthcoming.

To achieve the best results within the operation, following aspects were considered for the revised expansion programme.

1. Increase of efficiency through installing sleeve knitting machines, which are automatically forming the shape of a sleeve by increasing needles. The existing Immea knitting machines will knit only body panels by operation of the motor drive.
2. Versatility achieved by installing different gauge knitting machines.

A greater variety through useage of different yarntypes will produce lighter weight garments. The dependancy on particular market trends is reduced through the more versatile selection of machines being in operation.,

3. Market trends were considered and it is established that the regional market, which is very important for continuity of sales, should not be neglected. Light weight garments are preferred depending on climatic conditions.
4. The yarn left overs, which are much thinner counts, which are used on 10 gg machines could be reknitted in 2 or 4 ply version on the heavy gauge machines and will give very interesting effects.

The report gives the final conclusion to go ahead with the planned expansion programme, but only when a smooth running operation is guaranteed.

D. Suggestions to U.S. market research

The ABLE report which was precise and well presented should be kept as a reference for the future. It is not feasible at this stage to approach the U.S. market, because the Company has not overcome the teething problems. The time is premature to develop a market which is very sophisticated and meticulous in quality and delivery times. Designs, colors and sizes are different to the Regional - or European market. It is suggested to shelf the idea for the time being and strengthen the operation by persuing the existing market possibilities. When the

Company is well established and performance is proven, then the time is ripe to approach and develop the market in the States. The following steps should be considered.

1. First contacts should be made to ABLE, local U.S. Trade Commission and to companies with U.S. connections, to receive addresses and start communicating with interested parties.
2. A marketing study trip to the U.S. should be performed, to see potential distributors, agents and buying services, combined with visits to fashion fairs, knitting mills and yarn suppliers, to get the market feel and fashion trends.
3. The ideas and trends gathered in the States have to be transformed into the new sample range and garments must be knitted in the right fashion colors. A well presented edition of the Company profile has to be prepared, to be issued to potential customers.
4. Knitting mills should be approached, to enter into a working relationship on a contract basis and manufacture merchandise to their specification under their brandname. The cost of setting up a salesforce would fall away and the risk of bad debts minimised. Tiro Afrique would receive all information relating to styles, designs, colors and sizing, not incurring any expense of market testing.
5. To develop the U.S. market and appoint agents or distributors, regular trips to the States must be performed. A distributor or buying service is more suitable than an agent, because all the handling of importation, duties and invoice collection will be administered from one Company only. It is too costly for Tiro Afrique to set up a distribution centre and control the salesforce in the States.

In conclusion to the aforesaid, it is suggested to approach the U.S. market only when the company can meet the criteria of producing high class merchandise, can keep to requested delivery times and can guarantee a backup service.

V. MARKET RESEARCH

The report has been prepared on the basis of information received from management of Tiro Afrique. An American Peacecorps volunteer is employed, on a two year contract as sales and marketing manager. Specific duties are : Control of salesforce local and regional, obtaining local sales, promotion and customer relations. It was impossible through lack of time to assess the market potential locally. All obtained information is taken for granted and is not checked. The information received during the market research tour to Germany, Britain and France are surveyed in this report and can be found under the relevant heading.

Four regions have to be distinguished where the merchandise should be marketed and sample ranges must be created, suitable to follow the different trends in the various regions.

1. Local market Botswana.
2. Regional markets, RSA, Swaziland and Zimbabwe.
3. European markets, EEC countries, in general concentrating in Germany, Britain and France.
4. The U.S. market.

As previously suggested, it is important to develop different ranges for the attributable markets, because fashion trends and colors vary from region to region. By viewing some samples, a copy of the range is not existing, it was observed that the same garments were distributed to various agents.

1. Local market

Referring to information and sales figures it is apparent that the achieved sales in Botswana were reasonably higher than in other sections of the market, though lower than budget. Sales performance in 1988/89 was realized through the factoryshop, Botswanacraft and direct selling to the public. A non continuity of orders makes production planning impossible. In mid 1990 with the arrival of the new salesmanager the marketing policy was restructured and two commission agents were employed, to service

the Botswana trade. Institutions and schools were approached and the introduction of schoolwear-club-and sportswear jerseys in the cheaper Acrylyarn realized more sales. Customers in Northern Botswana were approached by the new agent and minimal sales obtained. The major portion of sales are still performed through the old established outlets. Retailers have to be scrutinized before an order can be delivered, because payment performance is bad and sometimes legal procedures have to be taken.

The bulk of the business can be expected from reputable wholesalers and institutions, which at least are paying suppliers in time. The market has a much greater potential than realized, but the garments produced have to be adopted to market demand. Lighter weight garments and different raw materials, i.e. cotton and blends thereof, must be introduced.

The campaign "Buy Botswana" is creating a growing demand and higher sales can be achieved if suitable merchandise is offered.

Suggestions of installing 10 ggs machines, as already mentioned on page 23, should be included in the plant to be able to knit finer count yarn.

2. Regional markets

The region is of great importance, because it is expected through past performance to receive regular orders, therefore constant production output can be achieved.

2.1 The briefing on the RSA market situation was well received and helped

the assessment.

The first agent in RSA was appointed in 1988 with the aim to establish "Tiro Knitwear" in the trade. The sales at the beginning were slow through experienced problems with Karakulwool. As soon as the new range was knitted with woolen yarn and distributed a further approach was made and two new commission agents were employed in 1989 to obtain most needed orders.

The Cape Town agent started off well and increased his performance constantly.

The agent for Northern Transvaal could not reach the set target and the volume of sales is 2/3 below Cape Town.

A short marketing - sales trip to Johannesburg was possible and two potential customers were visited. One group has placed a trial order and the possibility of growing business is feasible, if Tiro Afrique can fulfil the expectations. A meeting with the present agent and the visit to the next customer was important, because valuable information, referring to trends, colors and designs were discussed. The owner of this small chain of shops can feed the Company with constant orders, if Tiro Afrique is capable to produce jerseys according to instructions. It was established that wool in the Better Class market is still in demand and the competition is small. Classic shapes with handknit look, knitted of interesting yarn compositions and brighter colors, have a great potential. Working relationships with smaller chainstores can be established and fashion ideas developed.

Garments knitted of cotton or blends thereof, for summer, will produce higher sales if the proper yarn, knitstructure and machine is used.

Lighter weight garments from 200 to 400 gr are in a continuous upwards trend and it is imperative to include 10 ggs knitting machines in the expansion programme as previously suggested.

2.2 Swaziland

The market in Swaziland is worthwhile to be pursued, because the climatic conditions of cold winters, necessitate a demand for warm woollen jerseys. A market research was not done at this stage and the potential of sales will not be great. The advantage being the easy accessibility, relaxed trade relations and the same fashion trends as in RSA. Regular airservice exists between Gaborone and Manzini, which would make delivery of goods easy. The market can be served from an agent in the Transvaal region, because the distance is not too far. The tourist industry is well established and tourists are potential customers.

2.3 Zimbabwe

A brief market study was carried out and the following findings were observed.

The trends are similar to RSA but not so sophisticated and therefore very price conscious.

Botswana merchandise has the disadvantage of being charged with 20% surcharge, collected by entry into Zimbabwe.

The market is in need of high class wool jerseys and a great sales potential is apparent.

Orders were booked by the commission agent who acted on behalf of Tiro Afrique, but the goods could not be delivered, the reason being:

The main obstacles of not possessing import quotas, to supply Zimbabwe, made it impossible to supply the goods which were ordered. Valuable customers were disappointed at not receiving their merchandise.

The first steps taken to rectify the situation, a meeting was held with Zimbabwean customs officials. It was pointed out that an OGIL (open general import license) from Botswana customs has been issued and the Botswana Ministry of Industry and Trade must impart a quota, if the OGIL is granted by customs. Only with those two documents the Company is able to export Botswana made goods to Zimbabwe, but those documents were never obtained.

It was learned from the Ministry that no quota was available and through lobbying at various institutions, consideration is given to issue a quota for 1991 to Tiro Afrique.

The Company was approached from a retail chain and obtained some orders, which hopefully can be delivered if the necessary quota document is received in time.

Negotiations are in progress to conclude a working arrangement with a Botswana Company, which is well established in Zimbabwe, to handle sales and distribution on behalf of tiro Afrique. Various benefits should be mentioned :

A well established salesforce, handling of importation, redistribution of goods, collection of debtors and a customer service in general. All those actions can not be directed from Botswana, in a Government controlled, difficult market like Zimbabwe.

3. European markets

A market research tour to Germany, Britain and France was performed for the purpose of visiting existing customers, established business contacts, assess the knitwear fashion and rawmaterial trends.

A visit to Italy was not necessary, because the competition in Italy, especially in knitwear is fierce and the high efficiency achieved in Italian knitting mills is not comparable to the low productivity in Botswana. The trip was conducted at the wrong time, because the winter merchandise 1990/91 has been delivered to the stores in September and the new ranges for winter 1991/92 are only presented between February and March 1991.

The duration of two weeks was too short to give a precise and detailed report, but a consise overview has been compiled.

The disadvantage to the Company is the great distance from a far away market and therefore the range should be classically styled. Fashion trends are very short lived and can change within 10 to 12 weeks. Tiro Afrique is not capable to adapt in a short span of time and fullfil orders to requirements. Colors are most important and it is not feasible to introduce color changes within 2 to 3 weeks, to be still able to knit the ordered sweaters. The Company has to depend on suppliers to get deliveries of required colors. Tiro Afrique can not purchase yarn in fashion shades from the shelf of spinning mills, because fashion colors are not stock items.

3.1 German market

Customers were never acquired and the first contacts derived partly from previous correspondence or personal connections.

Two small sample ranges were flown out to show possibilities of knitted garments which Tiro Afrique is able to produce. No special sweaters were manufactured, because the short time available

before the trip started, was not ample to create a range directed for the market.

Two agents which also would act as distributors were appointed and discussions of market potential, price structure, trends, competition and payment terms were performed. Retailshops and Department Stores were observed and fashion trends indicated. Market potential is enormous, especially on woollen knitwear, but prices registered are lower than Tiro Afrique can offer. A very competitive sophisticated market to choose from is freely available to interested customers.

It is imperative to stay in constant contact with the newly appointed agents to get a market feed back and give them the confidence of service.

3.2 British market

The British market was also neglected and it was not possible to visit customers, because there were none.

The contacts which were made result from previous correspondence and the samples which were sent to them a year ago were kept in stock.

No follow up was conducted and no reasons for not achieving sales were ever demanded. The lack of communication is apparent and the Company was never informed in reference to range analysis, customer remarks, suggestions for style improvements or price structures. No new samples were taken to Britain, because it was anticipated that the supplied sample ranges will have enough impact on the market and a feed back on market trends was expected.

Botswana High Commission in London was approached to help on the marketing of Tiro Afrique's knitwear and a sample range was distributed to them for promotion purposes. Expectations of establishing new business relations with British companies, through contacts of the commission were negative. The Commission's staff is under pressure of work and can not act as representatives for an individual company. The sample range which was in their possession has been collected and redistributed to a potential

agent, who might prove to be successful in selling the Company's knitwear.

Meetings with two distributors, acting in the clothing trade, were held and it is feasible that one Company would handle sales and distribution for Tiro Afrique. Conditions are :

Supply of a new sample range,
recosting to achieve competitive prices,
assurance of exact deliveries, i.e. quality, quantity
and delivery time.

Negotiations with the second Company can be pursued, but it is advised to wait for performance of the first approached Company. It is impossible to work with two agents at the same time, which are near to each other and selling to the same clientele. Knitwear in Retail and Department Stores was looked at and trends, colors and prices compared to Germany. The trends and colors are similar all over Europe, but prices seem to be a fraction lower in Britain.

3.3 French market

The first visit to a customer was organized in France. Tiro Afrique is actually represented, through a commission agent who can not act as distributor, because the location and premises are not suited.

The agency is specialized in handling big accounts, i.e. chains of Retail - and Department Stores and Mailorder houses. Very few wholesalers are approached and the setup does not cater for the small retailers or boutiques. The reason being staff problems. The visit to the wholesaler who has purchased goods from Tiro Afrique in 1988 and 1990 was friendly and informative. Further business is possible if the Company can follow fashion trends, which is very difficult if no suggestions are given.

It was suggested to copy styles to customers specifications and one sample was taken to test Tiro Afrique's ability as to how accurately a garment can be copied. The required garment was recently submitted and the results have to be followed up. As advised by

the agent it is nearly impossible to book any orders on the existing range, because the flair is missing.

During visits to a few stores it was observed that brighter colors are used, the knitwear is lighter in weight and jerseys are sometimes more expensive than in Germany. Great market potential is obvious and a further agent should be employed, to give a better market penetration, with the consent of the present agent.

4. U.S. market

In finalizing the market research report, consideration must be given to the U.S. market for the purpose of having a complete market picture. Evaluation and suggestions to the U.S. market study, prepared by ABLE on behalf of Tiro Afrique were already discussed on page 16 and 24 respectively.

To serve the U.S. market it would be necessary to create another collection, which must be different to the existing ranges. It is premature to even make the attempt, because the Company is unable to service four regions.

Informations gathered from magazines and business reports indicate a huge, competitive market where accurate and precise delivery dates are expected. Unjustified discounts are often claimed for wrong delivered merchandise, or inconsistent sizing and late deliveries.

5 General assessment

The present samples have been analysed and opinions from various agents must be considered. It was observed that specific care must be taken to improve the standard of the merchandise :

Selection of raw material and reliable suppliers. Some of the yarn used contains grass residue and unevenness of yarn count prevails. Colors are sometimes shade, which gives a streaky appearance when knitted.

Garments are often inconsistent in size and weight. Color variations within the same color - name or number.

Presentation and package should be improved. Swingtags containing a story of Botswana or explanation of the name "Tiro Afrique".

Woolmark - or Cotton emblem labels and washing instruction labels

must be stitched into the garment. Labels with material composition is a necessity overseas.

Sales information should contain more precise data, i.e. prices must mention FOB or CIF, terms of payment, minimum quantity to be ordered, delivery time, mode of transport. The sample pricelist must give a detailed description of garments and colors supplied.

6. Suggestions for improvement

To follow the various fashion trends in different regions it is suggested to pursue the following actions :

1. Development of ranges

1.1 Local market. Develop basic range in lighter color shades, use Corriadale wool, reduce weight, use simple knitstructures (operate the motordrive on knitting machines).

Pursue the usage of Acrylyarn for schoolwear and institutional garments. Put more effort into developing sports knitwear for clubs and associations.

Pursue the development of cottonknits, mainly in single knit structure and easy designs.

1.2 Regional markets.

Transvaal. The same range would be suitable, but exclude garments made of Acryl.

Swaziland. The same range would be suitable, but exclude garments made of Acryl.

Zimbabwe. The same range would be suitable, but exclude garments made of Acryl and Cotton.

Capt Town. Pursue the present design ideas, follow the required trend which proved to be successful.

Aran - Argyle - Fishermans Rib - Cable and Transfer stitches should be maintained. Corriadale wool with the inclusion of mohair is just as an effective yarn.

Garment weights can be retained.

Natural colors should prevail to other shades.

A distinct handknit look has to be achieved.

1.3 European market. Follow the Cape Townian trend.

Styles should be classic. Specific view should be directed to serve the semi-sport market, i.e. sailing, fishing, hunting, walking and mountaineering.

Garment weights have to be reduced, by using finer yarn.

2. Price policy

It is very difficult to give any advice on costings, because through bad efficiency the overhead costs have to be recovered by a low output of production. If no improvement of productivity can be achieved, the Company prices itself out of the market.

2.1 Any avenue must be pursued to find competitive yarn suppliers in the region, to reduce raw material input costs.

2.2 Efficiency has to be increased by at least 200% to reduce overhead costs, which is calculated into each garment.

2.3 Transport charges have to be compared and possible cheaper rates can be negotiated, especially when consignments are heavier.

2.4 Prices for Zimbabwe must be competitive, because 50% markup, for surcharge and distribution, has to be added to the ex factory price.

2.5 Prices for Europe have to be reduced and no factory markup should be added on. Profits can only be achieved through an efficiently run operation. If prices are more attractive, bigger orders can be expected and less style changes will increase productivity.

3. Timing for presentation of ranges

Sample ranges have to be completed for collection previews at stipulated times. It is essential to adhere to preview dates, otherwise a whole season can be missed and expected orders are not forthcoming

Approximate timetable for range preview - and delivery dates.

Month	Winter range		Summer range	
	Preview	Deliver	Preview	Deliver
Local	1 - 3	5 - 7	5 - 7	9 - 11
Region	10 - 11	2 - 4	2 - 4	7 - 9
Europe	2 - 3	6 - 9	7 - 9	1 - 3

Conclusion

To accomplish valuable results it is necessary to be in constant contact with the appointed representatives. A certain pressure has to be extended to the salesforce, especially at the beginning of the marketing drive.

Two overseas visits for the first year are suggested to achieve results. It is important to visit, with the appointed agents, potential customers to arrange special deals and obtain possible constant contracts with larger groups.

The agents must be motivated to feed Tiro Afrique with information and suggestions of market trends, color changes and design ideas. Customers who provide samples, which should be copied to their specification, would be of great benefit to the Company. Fashion trends would be obtained and quality of garments analysed, without incurring extra expenses.

V. MARKETING PLAN

To accomplish a working marketing strategy some internal problems must be rectified first, to be able to achieve the planned targets. It is a waste of time to prepare budgets and plans which are not feasible, because certain criterias are not met. On the assumption that internal obstacles can be prevented and steps taken to :

1. Create fashionable ranges for entire different markets.
2. Increase production output by over 200% to achieve budget targets.
3. Apply stricter and more quality conscious production management.
4. Improve administration - and organisation procedure.
5. Increase raw material stock holding to an acceptable level, more competitive prices can be achieved and higher sale revenues are expected. Efficiency is the key issue.

The five year marketing plan proposes establishment procedures which will remain unchanged during that period.

A. Time schedule for range presentation

It is suggested to develop the markets step by step, to be able to offer the right merchandise, according to market demand. Various dates of range presentation must be observed which are commonly known. It is assumed that no changes of range preview dates will take place.

A detailed schedule is given on page 35 for reference.

When the marketing plan is put in operation it must be stressed that all the agents or distributors who are selling on behalf of Tiro Afrique, are supplied with the new collection well before preview time.

The consignment must include garments, colorswatches, color cards, detailed information of merchandise, delivery - and payment conditions, mode of transport and minimum size of order expected from a customer.

B. Distribution policy

It has to be differentiated between markets, because the approach to a distribution scheme would vary from region to region, depending where the sales were performed.

1. Local market. Sales are obtained through commission agents. Distribution of goods are handled directly by the Company.
2. Regional market. Order negotiations with large groups are performed entirely by the Company and the customer will be supplied directly. The gross of the market would require a distributor.
3. European market. It is suggested to established this market with distributors combined agents. It is difficult to communicate with each customer in case of problems.

To simplify the delivery - and payment procedure it is suggested to appoint distributors who also act as agents. Markets which are not easy controlable for various reasons require a distribution system. The benefits to the Company are manifold, because it has to communicate with one establishment only. Distributors should be appointed in case of :

1. Complicated import restrictions, requiring permits or quotas and duty payable at point of entry, prevail.
2. Exchange control regulations complicating payment of accounts due to the Company.
3. Distant markets with small orders, which require repacking and redistributing of merchandise.

The Company has the advantage of less paperwork, the risk of receiving payments is minimized, fewer accounts and less book entries are performed. Transport costs will be reduced, because consignments are bigger and less cartons are used for packaging.

C. Designated areas

To take notice of Tiro Afrique's aim to get established in a wide spread market, for their products, it is necessary to stipulate regions which have to be approached.

1. Present market penetration

- 1.1 Local - market. Northern - and Southern Botswana
- 1.2 Regional market. Cape Province, Johannesburg/Reef
- 1.3 European market. France
Germany Northeast - west, recently acquired
Britain recently acquired.

The marketing plan considered the planned expansion programme and it is important that the market gets a deeper penetration.

2. Planned market penetration

- 2.1 Local - market. Northern - Southern Botswana. Existing
- 2.2 Regional market. Cape Province, Johannesburg/Reef. Existing
Transvaal - Swaziland 1 year
Zimbabwe 1 year
- 2.3 European market. Germany Northeast - west Existing
Germany South - Austria 3 year
Britain South Existing
Britain Midlands 3 year
France centre Existing
Scandinavia 2 year
Benelux countries 4 year

It is not envisaged to pursue the U.S. market, the chances of success are minimal, because the distance and different fashion trends are to the disadvantage of the Company. Should Tiro Afrique be approached from a U.S. potential customer, or from anywhere else, every effort will be done to conclude a valuable business deal.

To achieve the optimistic targets which are outlined above, it will be important to employ a marketing person at least for the first few years, to follow up performance of agents. Coordination between Company and salesforce and assistance has to be given to guarantee success.

D. Appointment of agents

The most crucial task is to find reliable, hard working, well established agents or distributors which achieve the expected performance. The agents who represent Tiro Afrique have to be well informed about the company's policy and aim. The product which they are selling must be explained, referring to handknit finish and raw material and stress the service which the customer can expect. The representative of the Company has to be proud and convinced of the quality of the merchandise, which he is offering.

The Company has been operating well over two years and has established a salesforce, which is selling in Botswana and parts of RSA. The results which are achieved are not as good as expected and it is suggested to prepare a marketing plan for the next five years. Consideration is given to keep the present agents, but it is advised to apply more training and pressure.

1. Present market coverage

- 1.1 Local - market Botswana two agents are operating. No further further agents are sought, except personnel changes.
- 1.2 Regional market RSA two agents are selling in Cape Province and Reef area. Satisfied with performance in Cape Province, better results are expected from Reef area.
- 1.3 European market France one agent operating achieving small orders, once a year. Sales can be increased if better agent can be found.

It is anticipated within the next four years to set up a sales organisation to achieve the proposed sales and to procure a better market coverage. The market which Tiro Afrique is aiming for is Europe, though it is competitive and difficult to conquer.

Through the recent performed marketing trip to Europe it was possible to acquire three agents, which are willing to represent Tiro Afrique in Germany and Britain respectively.

2. Planned market coverage

- 2.1 Local - market No changes envisaged.
- 2.2 Regional market. No changes envisaged in Cape Province or Reef area. New appointment Transvaal combined Swaziland. New appointment for Zimbabwe. Both areas will be serviced by distributors in year 1.
- 2.3 European market No changes envisaged for France centre. New appointments organised for Germany Northeast one agent and Germany West one agent. Germany South and Austria new appointment of one agent year 3. New appointment organised for Britain South. Britain Midlands new appointment of agent envisaged in year 3. Scandinavia new appointment of agent envisaged in year 2. Benelux new appointment of agent envisaged in year 4.

The success of sales depends on the look of the provided ranges. It is impossible to obtain sales, if a range is not suitable for the market or the colors chosen are not within the trend. Constant communication between agents and Company will lead to success.

E Projected sales targets

The aim of each manufacturing Company, to obtain safe orders, should be directed to the local - and regional market. Those markets are not so subjective to competition and changes in fashion trends and colors. Complaints can be attended to much faster and less costly.

Only when teething problems are rectified and the quality has reached the high standard, which is expected overseas, it is advised to approach the difficult European market.

The sales targets which are set in this report can be achieved, though the estimation is 70% higher than the present production output. If stringent measures are taken and discipline can be introduced the improvement of efficiency is feasible.

Considering the expansion programme which should come on stream in year 3 and improved productivity during the next two years the estimated production output can be achieved.

Budgeted sales targets in percentages and values are stated :

Market/year	1	2	3	4	5
Local %	20	20	20	20	20
Region %	40	40	35	35	35
Europe %	40	40	45	45	45
Total %	100	100	100	100	100

Sale figures in Value shown in /000P

Market/year	1	2	3	4	5
Local	120	160	200	310	340
Region	245	320	350	540	595
Europe	250	320	440	700	765
Total	615	800	990	1.550	1.700

TIRO AFRIQUE KNITWEAR
SALES PROJECTIONS 1990/91

	DEC BUDG	JAN BUDG	FEB BUDG	MAR BUDG	APR BUDG	MAY BUDG	JUN BUDG	JUL BUDG	AUG BUDG	SEP BUDG	NOV BUDG	TOTAL ANN
SALES												
UNITS EUROPE WOOL	0	0	0	0	0	0	0	800	1400	900	1200	4300
AVE SELL.	0	0	0	0	0	0	0	46700	84700	55100	72700	259200
UNITS BSWNA WOOL	0	0	0	0	60	200	365	125	0	0	0	750
AVE SELL.	0	0	0	0	4980	16000	22000	10000	0	0	0	52980
UNITS SN AFR WOOL	0	40	190	764	460	164	185	173	0	0	0	1976
AVE SELL.	0	3200	15200	49813	33152	12480	12950	12975	0	0	0	139770
UNITS ZIM WOOL	0	0	400	200	100	0	0	0	0	0	0	700
AVE SELL.	0	0	26620	18000	7000	0	0	0	0	0	0	51620
UNITS BSWNA COTTON	48	0	0	0	0	0	0	0	0	0	0	48
AVE SELL.	1920	0	0	0	0	0	0	0	0	0	0	1920
UNITS BSWNA INSTITUTION	400	0	0	500	0	200	200	200	0	0	0	1500
AVE SELL.	10400	0	0	13000	0	13000	13000	13000	0	0	0	62400
SA COTTON	0	0	0	0	0	0	0	0	0	0	0	0
AVE SELL.	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL KNITWEAR SALES UN	448	40	590	1464	620	564	750	1298	1400	900	1200	9274
TOTAL KNITWEAR SALES RE	12320	3200	41820	80813	45132	41480	47950	82675	84700	55100	72700	567890

STATS - COLLECTION ANALYSIS 1988 - 1991

	TOTAL		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT	VALUE UNIT
88 BUDGET														
ORDERS REC	49229	682	205	0	302	1009	3126	5746	5212	6782	25975			
ORDERS DEL.	50692 1044		40 1	8681 18	2890 29	2169 37	5220 115	27930 535	3969 87	1195 41	2672 49	2526 46	1550 26	
89 BUDGET	491320 6800	13550 250	16300 300	27000 500	32000 500	41450 550	61450 800	62300 800	59150 750	55460 700	43440 550	38140 650	29750 450	
ORDERS REC	161903	8682	4192	5210	11957	25347	22854	16209	14505	7455	10438	22440	17734	
ORDERS DEL.	98744 1820	538 10	15242 311	10837 234	9368 213	12863 237	10286 188	8547 160	11439 177	7649 118	2718 53	5494 24	5764 95	
90 BUDGET	475842 17472	1941 32	19772 304	24318 378	26215 423	23901 322	64303 1868	88492 2145	47000 2367	45000 2233	43299 2300	41000 2167	39000 2134	
ORDERS REC														
ORDERS DEL.	146393 2278	2983 46	12735 196	18539 290	2391 50	29143 480	11709 109	8481 252	30779 278	25523 405	4110 50			
91 BUDGET	345122 5331	3200 40	41820 590	80839 ***	45163 620	41500 564	48000 750	36000 500	21650 253	10950 200	6600 100	4100 75	6200 125	
ORDERS REC	121062 1354		41820 590	49839 764	29403									
ORDERS DEL.	0 0													
BURTS	259200						46700	84700	55100	72700				
92 BUDGET	1204781 31961													
ORDERS REC														
ORDERS DEL.														

1991 PRICE LIST
EUROPEAN TOUR

10 OCT 90

STYLE NUM	AVE WT	1.26		
		C+F SPND	C+F FF	C+F DM
		4.2865	4.2865	4.2865
		0.269	2.7217	0.8205
WOOL				
T01905M	580	19.00	193.00	58.00
T02623M	600	21.00	210.00	63.00
T02028M	630	19.00	193.00	59.00
W02033M	610	19.00	179.00	54.00
T00023M	600	19.00	193.00	58.00
T01910M	510	19.00	193.00	58.00
T70006M	530	22.00	220.00	66.00
W02031M	630	21.00	210.00	63.00
W10002M	570	17.00	169.00	51.00
W00011M	630	17.00	159.00	51.00
T01024M	590	19.00	193.00	59.00
T00940M	560	15.00	152.00	46.00
W00067M	750	17.00	169.00	51.00
W00606L	550	14.00	145.00	44.00
W00816L	450	14.00	145.00	44.00
W00817L	510	16.00	159.00	48.00
W01043L	470	18.00	179.00	54.00
W00044L	580	14.00	145.00	44.00

T=TWEED
W=WOOL
A=ACRYLIC
C=COTTON

0=CREW
1=VNECK PULLOVER
2=ROLL COLLAR
3=SHAWL COLLAR
4=SHIRT BUTTON COLLAR
5=BOATNECK
6=ROUND NECK CARDIGAN

7=VNECK CARDIGAN
8=COLLAR CARDIGAN
9=SHAWL CARDIGAN

0=PLAIN INNER
1=INTARSIA
2=INTARSIA LINKED WITH INNER

NUMBER SEQUENTIALLY - 3 DIGIT

L=LADIES
M=MENS

COMMERCIAL ATTACHE
BOTSWANA EMBASSY

EB 7/2 XIV(17)BR4

Brussels, September 25, 1990.

Miss Robin BRAM
Acting Manager
Tiro Afrique Knitwear
Private Bag 91
LUBATSE
Botswana.

Dear Robin,

Re: Tiro Afrique Performance at Partners for Progress - Berlin

This letter serves to inform you that the response of both trade visitors and the general public to your company's products was very poor. There were no inquiries at all for the duration of the exposition.

Based on my personal observations of booths exhibiting similar products, the following comments are in order :

a) Your products were made of much heavier and rough wool whereas others were of smooth and soft wool and much lighter. The lighter weight could be attributed to the fact that the past three to four years winter seasons have not been severe in Europe.

b) TA products appeared not to be in conformity with contemporary European designs and styles. The German market has an obsession for exotic colors.

c) Most of the knitwear was handknitted instead of machine made. Some buyers indicated that the trend has shifted toward handknitted knitwear due to cheaper prices.

Despite the foregoing, I believe that with more exposure and promotion a niche could be found in the Community market. Therefore, I wish to recommend that Tiro Afrique participate again in Partners for Progress scheduled for June 5 - 8, 1991. It could be even more beneficial that a representative be present in order to assess the potential target market as well as to observe what others in the sector are doing. I would further like to suggest

.../2.

that you take another look at the Tiro Afrique's promotion and market-test report which was prepared in 1989 by the Centre for the Promotion of Imports from the Developing Countries (CBI).

Finally, allow me to remark on the pricing of samples. I observed that you had only indicated the price of pieces on the price-list. However, to only show the prices is not sufficient because it does not give a potential buyer enough information to go by. I personally believe that a sale offer should contain all relevant information to enable the importer to evaluate the offer and to finally make a purchase decision. Such detail is also helpful to us as Government officers who represent your company in cases where you are not able to be present. Therefore, a sale offer should contain information similar to the illustration below :

- Price in US\$ FOB/CIF
- Terms of payment - confirmed irrevocable l/c, payable on sight, etc.
- Minimum order quantities - 1 container, etc.
- Delivery times - 4 weeks, etc.
- Transport possibilities, i.e. air, road, ship, etc.
- Indicate port/place of dispatch/delivery - FOB Lobatse, etc.

Labelling is another important element to consider. The labels should contain details of materials composition, washing instructions, country of manufacture for purposes of origin.

Thank you very much in advance for your ever kind cooperation, and I hope you will keep me posted of the developments in your company.

Sincerely yours,

Felix M.S. Mogatusi
COMMERCIAL ATTACHE.

c.c. Permanent Secretary
Ministry of Commerce and Industry
Private Bag 004
GABORONE

Att.: Ms. Kathryn Sarpong

Botswana Development Corporation
Private Bag 3
GABORONE

Att.: Mr. Charles Saint Clair

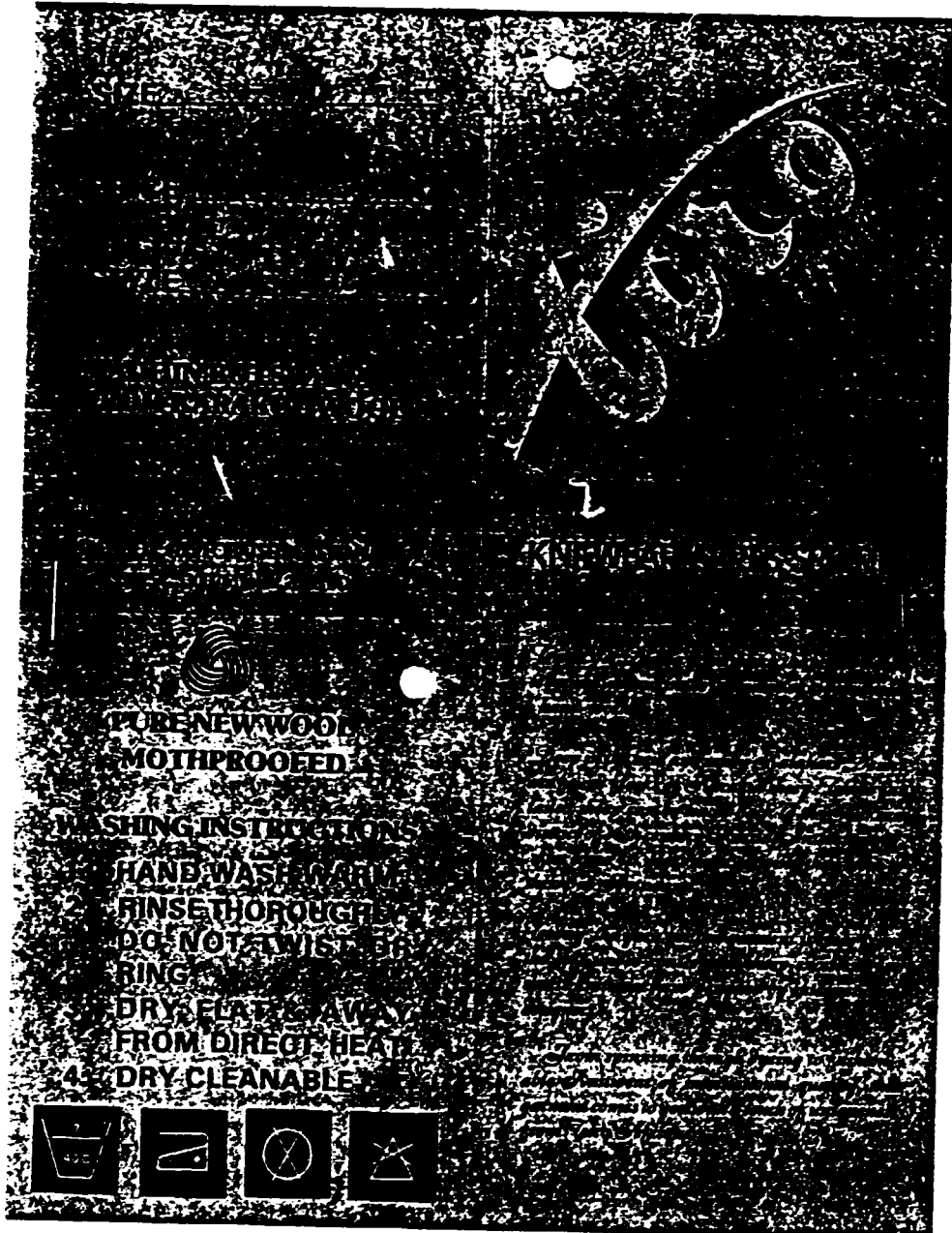
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TIRO AFRIQUE KNITWEAR

TIRO YA DIATLA (TIRO AFRIQUE KNITWEAR)
CAPITAL REQUIREMENTS FOR 1990-91

IN FULA

MACHINERY	UNIT COST	QTY	TOTAL COST	TOTAL
Protti Intarsia Knitting Machines Delivery	8,000	6	48,000 6,000	
Moretto Knitting Machines Delivery	15,500	6	93,000 6,000	
Linking Machines Delivery	11,000	4	44,000 3,500	
Bar Tacking Machine	4,000	1	4,000	
TOTAL MACHINERY COST			-----	204,500
OFFICE EQUIPMENT				
Weighing Scales			2,000	
Filing Cabinet			800	
Shelving			3,000	
Tables & Chairs			1,000	
Electric Lighting			2,000	
TOTAL OFFICE EQUIPMENT COST			-----	8,800
BOILER INSTALLATION				2,200
PROJECT VEHICLE				19,000
TOTAL INVESTMENT				----- 234,500



PURE NEW WOOL
MOTH PROOFED

WASHING INSTRUCTIONS
 1. HAND WASH IN COLD WATER
 2. RINSE THOROUGHLY
 DO NOT WIST
 RING
 DRY FLAT & AWAY
 FROM DIRECT HEAT
 4. DRY CLEANABLE

