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Dear Peter

Today I presented in Leicester at a workshop entitled Improving Profitability funded by LLEP via ERDF Funding.

This was a proactive and vibrant session and as you can imagine a somewhat lively debate developed by hardworking skilled manufacturers.

At the end of the session I gave my word to write to you on behalf of the full group of attendees.

Concerns were voiced which you need to be aware of. Your mission aim and vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity, however in all legally binding transactions for the Sale of Goods there are two parties and the ETI must not discriminate against the smaller SME.

You state in your reference that you uphold time and a half overtime pay for the workers in factories. With new current minimum rates that is nearly £12 per hour. Do you not think manufacturers would like to pay those rates if they had the margin to pay? Are you going to impose on the retailers that they will pay the manufacturer that increase in the cost price?

There has been so much negativity regarding the manufacturers paying less than the minimum wage but have you even investigated why? Have you been to review the cost prices given to these factories by certain retailers and etailers? Any person in the industry would know that these cost prices are totally unobtainable.

Please do not retort by saying that such manufacturers should turn away the business however logical that may appear. The truth is these manufacturers are trying to create flow - without flow factories cannot work or achieve optimisation. Worse still the highly valued and skilled workers move on to the next factory.

What does the ETI do and say to these etailers and retailers that force the manufacturers into a corner to produce the work?

Further if the retailers and etailers want to use these factories why are they not paying for audits for Fast Forward and SMETA? Why is the small SME Factory shouldered with this debt? Where is the unison?

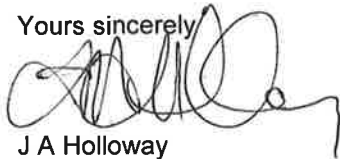
Having been a senior buyer of course I chased margin. Of course I negotiated hard on price but now I am embarrassed to state I didn't really have a clue on costings at all. I was just directed by the top management and did as I was told.

When I was a selector at M&S we cared for our supply base. At the end of each season we brought the suppliers in like SR Gent, Burnham and Courtaulds and provided an overview of strengths and weaknesses. Highlights and lowlights then based on delivery performance, % of returns, design ability et al and new budgets were set. This meant manufacturers could plan ahead and capacity plan so flow was created. Does this happen today? We are one of the lucky ones. We do have planned production by ASOS and actually their Fashion with Integrity does work. As for the other retailers and etailers well shame on you! One factory spent over £40k on sampling and is still waiting for one order to materialise. What is that expression that involves cake and eating?

The on-shoring of production back to the UK is happening here and now but it's fragile. The mighty retailers have clout and financial resources and factories don't. Why are retailers asking the smaller manufacturing units to finance their sales? 30, 60 or a hideous 90 days' payment terms is unacceptable pressure! I am well aware that retail is hard and never been harder and I read with great sadness the cash flow situations of House of Fraser, Debenhams, New Look etc. but don't you see the retailers future is to work hand-in-hand with us genuine manufacturers? We can turn around quality fashion forward garments in any print in any colour in just 3-4 weeks. Retailers buy less, they sell out and then it's newness all the way. Work with carefully selected manufacturers and support them. Give them a chance to plan production so they have a stable base and retailers will be rewarded with the right ethically made garments that will sell.

So ETI where are you standing for the smaller guy now! It's all one way and production in the UK is a two way street.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J A Holloway', written over a white background.

J A Holloway  
CEO