



**Understanding
the Scottish
Textile Industry
Productivity
Challenges**

Scottish Enterprise



**Final Short
Report**

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Executive Summary

*This report provides a **detailed examination of productivity challenges faced by the Scottish textiles sector**. The sector's response to the identified productivity challenges will help build Scotland's international competitiveness through innovation, internationalisation, investment and inclusive growth. Recent significant growth in the sector's R&D spend per head is a signal of the increasing role that **innovation** is playing in the drive to increased competitiveness. With over 40% of sector turnover being accounted for by exports across more than 100 countries, the Scottish textiles sector plays a key role in reinforcing Scotland's premium brand and further market growth through **internationalisation** will help boost productivity. The importance of continued **investment** by the sector, to build a more productive capital asset base and support domestic and export market growth, provides a focus for a number of the recommendations of this report. The sector has long been a provider of jobs across Scotland, particularly in more rural areas. The role of the sector, as a driver of **inclusive growth**, is highlighted through opportunities to further develop leadership, management and workforce skills and introduce progressive work practices to improve productivity.*

This research has confirmed that the vast majority of Scottish textile companies **view productivity as being vitally important to competitiveness**.

Seven factors have been identified as influencing productivity performance. Evidence from literature and knowledge of how key productivity metrics are calculated suggest a link between these factors and improved productivity improvement. These factors are: market development and increased sales; investment in capital equipment; systematic use of modern methods of manufacturing; skills and motivation of the workforce; leadership skills and structured management practices; product and service innovation and; process and organisational innovation. Feedback from textile sector companies during this research has confirmed that these areas are the focus of productivity improvement initiatives they have implemented in the recent past. This report, therefore, uses these factors as a framework for analysis.

There is no 'one-size fits all' productivity measure or set of measures. Whilst it is common for productivity to be measured and reported in terms of Gross Value Added (typically normalised by expressing as 'per head' or 'per £ of payroll') there are significant limitations as to the accuracy of comparison of these measures either between economic sectors or between companies. Notwithstanding these limitations, it is apparent that this measure of productivity is used by public policy makers when making judgements about how to invest resources to increase the overall living standards of the economy.

Productivity measures at a company level are varied and cover performance across a range of functions and stages of the business process. This includes overall business

productivity performance metrics (e.g. profit and a % of sales), sales productivity metrics (e.g. sales value per transaction), manufacturing productivity metrics (e.g. % of output right first time) and innovation productivity metrics (e.g. % of sales from products introduced in the last 'X' years). Productivity metrics can also be viewed as measuring inputs into a process (e.g. capital investment per head), activities occurring within a production process itself (e.g. % machine utilisation), the outputs of those processes (e.g. product yield per employee) and finally the outcomes for the business (e.g. turnover per employee).

Gross Value Added is a composite productivity measure that includes wages, profit and depreciation. The depreciation figure is a cost of capital investment and therefore provides an indication of whether a company or sector has an increasing or decreasing asset base. Given that there are technology and efficiency improvements in capital equipment then an increasing asset base is associated with greater efficiency and productivity. A decreasing asset base (and associated reducing depreciation) could be interpreted as a sign of reducing efficiency and productivity.

The textile manufacturing sector accounts for just 0.4% of total business sector GVA in Scotland. This excludes GVA of financial services and parts of the public sector. The textile sector accounts for 2.6% (£347.7m) of total manufacturing GVA in Scotland. Despite this seemingly minor role in the overall economy, the sector is an important contributor to employment in rural communities, plays an important part in reinforcing the 'Premium' brand image of Scottish products, exports a significant proportion of output and is demonstrating a growing contribution to overall Scottish R&D expenditure.

The textile manufacturing sector has a relatively low average GVA per head in comparison to other manufacturing sectors. In 2014 the GVA per head of the textile sector was £42,601 compared to an average for all manufacturing in Scotland of £71,186. Food and drink manufacture GVA per head was £82,342 in the same year. From a public sector economic development policy perspective it may be more attractive (all other things being equal) to invest in creating additional employment in manufacturing sectors with higher GVA per head as this will make a greater contribution to increasing living standards, over time. The Scottish GVA per head figure increased significantly from £32,168 in 2013.

There are a number of reasons as to why the GVA per head figure is lower for the textiles sector including: textiles having a lower than average wage than other manufacturing sectors; the nature of the products typically requiring labour intensive finishing in batch processes rather than more efficient continuous processing; seasonality of demand for products (particularly apparel) reduces utilisation of assets and labour to an extent not replicated in other sectors; relatively lower levels of capital investment due to lower levels of automation, for example; the structure of the industry has higher levels of smaller, domestically owned, family businesses – all of which is associated with lower rates of adoption of structured management practices and; the GVA per head numbers are based on total number of employees and does not differentiate between full and part time positions.

The Scottish GVA per head figure for the textiles sector compares well to that of competitor countries such as Italy and Germany. In 2014 the GVA per head of the textile sector in Germany was £45,865 and for Italy it was £43,395. The gap closed significantly from 2013 when the Scottish GVA figure was significantly less (£32,168 for Scotland compared to £43,630 for Germany and £40,591 for Italy).

The Scottish textiles sector's Business Expenditure on Research and Development (BERD) per head has increased significantly in recent years. From a figure of £136 per head in 2008 the 2014 figure grew to £741 per head. In 2014 the Scottish textiles sector overtook the food & drink sector in terms of BERD per head spend (with the food and drink figure being £356 per head in 2014). In absolute terms the total annual BERD spend, by the Scottish textile sector, was £1,257,000 in 2008 and £6,050,000 in 2014. It is not clear from the research whether this significant increase is reflective of an increase in BERD across the sector or whether it is concentrated in a small number of larger companies. Comparison with international competitors reveals that the German textile sector spent less BERD per head on average in 2014 (£733) and the Italian textile sector spent more on BERD per head (£1,105).

Comparative UK data on investment per head shows lower levels compared to both Germany and Italy. No separate data could be identified for Scottish investment per head for the textile sector so comparison was made using UK level data. The lack of data for SIC 15 (leather and leather products) means that data is not available for the whole textiles sector but only for SIC 13 (manufacture of textiles) and SIC 14 (manufacture of wearing apparel). The investment per head in 2014, for UK manufacturing of textiles sector (SIC 13), was £2,635 and £1,105 for the UK manufacturing of wearing apparel sector (SIC 14). Comparative figures for Italy were £4,675 (SIC 13) and £1,785 (SIC 14). Comparative figures for Germany were £4,250 (SIC 13) and £1,870 (SIC 14).

Scottish companies fixed asset values fell by 17% over the period 2008 to 2015. This was derived from an analysis of the accounts of ten Scottish textile companies. A similar analysis of a sample of five competitor companies based in the North of England (the area covered by the Alliance Project) saw an increase of 56% in fixed asset values over the same period. Care should obviously be taken in interpreting these trends as the analysis is based on very small samples. The results are, however, consistent with qualitative feedback received during this research about companies in the Alliance Project area investing more in capital assets.

The circular economy offers a source of potential opportunities and funding but the textile sector is not fully engaged. Despite the circular economy being one of eight action areas of the Scottish Manufacturing Action Plan and one of four themes in the European Technology Platform for Fibres, Textiles and Clothing's Innovation Roadmap, there is little evidence of strategic sector engagement. Instead the activity appears to be more tactical actions to divert waste from landfill and increase material recycling. Significant funding and support is available to companies and groups of companies seeking to investigate circular

economy opportunities. This includes the Zero Waste Scotland Circular Economy Investment Fund, Circular Economy Business Support Service and specific Horizon 2020 Calls in this area.

Twenty four challenges, faced by the textile sector in improving productivity, have been identified by companies and support providers. These are described within the main report, segmented under the seven factors that influence productivity improvement. A further five cross-cutting challenges and opportunities have been identified. This is a result of qualitative interviews with 14 textile companies and 14 representatives of support organisations and other stakeholders. A further 15 responses to an online survey added to the industry definition of these challenges.

A set of recommendations to address these challenges are also included in this report. Some of these involve raising awareness and interest in support products that already exist whilst others involve new initiatives. Some of these new initiatives are already underway, such as Scotland House, the innovation and investment hub in London. These recommendations have been identified from proposals made by textile companies and support providers during the research process and through a review of secondary information about factors influencing productivity growth. It is recognised that resources for implementation are constrained and these recommendations will need to be reviewed by the stakeholders suggested as having responsibility for delivery. A high level prioritisation of the recommendations is provided.

A focused agenda for productivity is required for the sector. Five productivity action themes have been proposed as a basis for this focused agenda. These five themes align with the seven factors highlighted during the research (with some factors being merged into single themes). Under each of the five themes the top two or three priority recommendations are listed (in relative order of importance). This focused agenda is provided as a starting point for discussion by the Industry Leadership Group. The five productivity action themes and priority recommendations are:

- Market development and sales
 - Increase awareness and uptake of existing marketing support
 - Develop new service to increase presence in London and South East
- Investment
 - Investigate sector pilot funding programme on process and organisational innovation as a mechanism to support capital and other costs
 - Investigate use of specialist textile bid writers to help access funding
 - Increase awareness and uptake of SMAS Capital Asset Reviews
- Leadership & Skills
 - Increase awareness and uptake of leadership and management development support
 - Increase awareness and uptake of workforce skills development support
 - Develop flexible training and innovation fund
- Manufacturing
 - Increase awareness and uptake of SMAS Manufacturing Reviews
 - Increase awareness and participation in the SMAS Manufacturing Excellence Programme
- Innovation
 - Improve awareness and interest in innovation opportunities
 - Explore new innovation challenge funding
 - Increase awareness and uptake of existing product/service innovation support

An additional enabling action is required to optimise the impact of the above five productivity action themes:

- Investigate the provision of expert textile sector advisors to help access support

The ILG should also consider how they ensure the textile sector is kept up to date with the implementation of the manufacturing action plan for Scotland, to help identify opportunities for the sector to be involved and learn from the experience of other manufacturing sectors.

1. Conclusions and recommendations

Our conclusions from this study are summarised below. This section also summarises the recommendations for potential improvement opportunities and the respective key stakeholders included for implementation.

1.1 Conclusions

In response to the overall research objectives and specific research questions in the brief, the conclusions are:

1. Productivity is an increasing area of focus for textile manufacturers in Scotland with 80% of respondents to the online survey agreeing that it is 'vitally important to remain competitive'
2. A literature review and in-depth consultations with 14 textile manufacturers identified seven key factors that influence productivity levels. These include:
 - a. Market development and increased profitable sales
 - b. Investment in capital equipment
 - c. Systematic use of modern methods of manufacturing (such as lean manufacturing)
 - d. Leadership skills and structured management practices
 - e. Skills and motivation of the workforce
 - f. Product and service innovation
 - g. Process and organisational innovation
3. Measurement of productivity includes metrics associated with:
 - a. Inputs (e.g. capital investment, research and development, investment in skills, etc.) with a proven correlation to increased productivity
 - b. Processes (e.g. machine utilisation, number of new leads generated, number of active innovation projects, etc.)
 - c. Outputs (% on-time in full delivery, product yield per employee, etc.)
 - d. Outcomes (e.g. profit as a % of sales, GVA per employee, etc.)
4. Based on the responses to the online survey of textile companies, the most common activities carried out to improve productivity in the last five years were (most frequent first with count in brackets – out of 15 completions):
 - a. Investment in production machinery (11)
 - b. Investment in workforce skills (8)
 - c. Use of ICT to promote/increase sales (8)
 - d. Minor changes in organisational methods (e.g. cross-functional teams) (8)
 - e. Research and development (product/service innovation) (7)
 - f. Implementation of lean manufacturing practices (7)

5. The most common productivity metrics identified by the online survey include (most frequent first with count in brackets – out of 15 completions):
 - a. Profit as a % of sales (11)
 - b. Sales value per transaction/per customer (9)
 - c. % defects or rework (6)
 - d. % output right first time (6)
 - e. % on time in full delivery (6)
 - f. % of sales from products introduced in the last 'X' years (5)

6. A common way to compare productivity performance is using GVA per head data. GVA is a combined indicator composed of:
 - a. Wages and salaries paid
 - b. Depreciation and net interest payments
 - c. Profit

7. The GVA per head of the textiles sector in Scotland is £42,601 compared to an average for all manufacturing of £71,186 (2014 data)

8. There are a number of reasons why the textile sector has low productivity (as measured by GVA per head) compared to other textile manufacturing sectors in Scotland. These include:
 - a. A lower than average annual wage which reduces the impact on total sector contribution to wage costs, which is a key element of GVA measurement. The lower average wage also impacts on the ability of the sector to compete for talent with other manufacturing sectors
 - b. The nature of the product includes high levels of customisation carried out by skilled labour that cannot be effectively replicated by automation (compared to some other manufacturing sectors that use continuous processes)
 - c. Seasonality of demand is a major factor for some textile manufacturers. This impacts on utilisation of assets and labour and contributes to lowering the productivity of the textile sector to an extent not present in other manufacturing sectors
 - d. Higher levels of capital investment in other sectors result in higher levels of depreciation, another key component of GVA
 - e. The relative predominance of smaller, domestically owned, family run companies in the textile sectors is correlated to lower adoption of structured management practices. These structured management practices have a proven link to increased productivity and other sectors benefit more from this due to average company size, higher levels of overseas ownership and fewer family run businesses
 - f. The GVA per head calculation used to compare different manufacturing sectors is based on total numbers employed and does not take account of different levels of part time working. Part time working is more prominent in the textiles sector compared to some other sector and this acts to reduce the GVA per head data

9. The Scottish textile sector GVA per head figure for 2014 of £42,601 is close to the figure for Germany (£45,865) and Italy (£43,395). The 2014 GVA per head performance of the Scottish textiles sector increased significantly in the last year with the equivalent figure for 2013 being £32,168, compared to the 2013 figures for Italy (£40,591) and Germany (£43,630). It should be noted that a flat exchange rate was used for comparing both years and this may introduce some error
10. The increase in GVA per head of the Scottish textiles sector from 2013 to 2014 was mainly due to an increase in profit and depreciation with only a slight increase in wages and salaries
11. As a factor driving productivity growth, Scottish textile sector Business Expenditure on Research and Development (BERD) spending has increased significantly over recent years, rising from £228 per head in 2011 to £741 in 2014. This compares to BERD per head for textiles in Germany of £733 in 2014 and in £1,105 for Italy. It is not clear from the research what the reasons are that lie behind the increase in Scottish textiles BERD
12. Data on investment per head was not identified for the Scottish textile sector but the 2014 figure for the UK manufacturing of textiles sector (SIC 13) was £2,635 and £1,105 for the UK manufacturing of wearing apparel sector (SIC 14). Comparative figures for Italy were £4,675 (SIC 13) and £1,785 (SIC 14). Comparative figures for Germany were £4,250 (SIC 13) and £1,870 (SIC 14)
13. Of the sample of 12 Scottish companies investigated, one did not have available data for 2015 and was therefore excluded from the specific analysis of 2015 performance. The accounts of the sample of the remaining 11 Scottish textile manufacturers showed that they represented approximately 25% of the total sector turnover. Excluding the one company that was comparatively large (and masked the trend of the overall group) the remaining 10 Scottish companies exhibited a fall in fixed asset values of 17% over the period 2008 to 2015
14. A sample of competitor textile companies, based in the area covered by the Alliance Project in the North of England, was identified and the accounts of a total of six companies were analysed. Removing the data for a large company (that was masking the trend of the overall group) the remaining five English companies exhibited an increase of 56% in fixed asset values over the period 2008 to 2015. Over the period 2012-2015 (coinciding approximately with the introduction of the Alliance Project) there was an increase in fixed asset values of the five companies of 83%, having been on a downward trend at that point. The fixed asset value of the sample of Scottish companies fell by 5% over the same period. Care should be taken when interpreting this analysis as it is based on a low sample size (due to the limited availability of sufficiently detailed company accounts data) but the findings are broadly consistent with the feedback from the qualitative interviews, that competitors in the North of England were investing more in capital equipment.

15. There has been some activity around investigating circular economy opportunities in the textile sector in Scotland with a number of masterclasses being held. SMAS and Zero Waste Scotland have also held events related to resource efficiency. Generally the sector is focused on tactical measures to reduce landfill and increase recycling, with occasional small industrial symbiosis projects. Awareness of circular economy opportunities appears low and there is little evidence of the sector adopting a strategic approach to this. The circular economy is one of eight themes for the Scottish Manufacturing Action Plan and (combined with resource efficiency) is one of four innovation themes presented in the strategic research agenda of the European Technology Platform for Fibres, Textiles and Clothing. There is funding available at a Scottish level (via Zero Waste Scotland's Circular Economy Investment Fund and Circular Economy Business Support Service) and at a European level (through various Horizon 2020 calls) to investigate and develop opportunities. A more structured engagement with Zero Waste Scotland on this issue would be beneficial
16. A number of key challenges for the Scottish textile sector have been identified. These have been grouped under the seven factors influencing productivity improvement plus a group of cross-cutting challenges. These challenges are for each of the seven factors are listed below in order of approximate importance (under each factor):
- a. Market development and sales
 - i. Seasonality of heavier weight products is a major limiting factor on increasing sales
 - ii. Increasing sales to better utilise capacity is a key driver of productivity but some lack skills
 - iii. The ability of companies to maintain a presence in London and South East of England is limited
 - iv. There is limited time and resources to investigate new technology opportunities
 - v. Gaps in the supply chain limit some opportunities to grow sales but the perceived strength of demand is insufficient for suppliers to increase provision
 - b. Investment in capital equipment
 - i. Depreciating asset base is a key risk to the sector
 - ii. Ability to invest can be limited
 - iii. Lack of financial innovation
 - iv. Increased customisation is a feature of the sector
 - c. Systematic use of modern methods of manufacturing
 - i. Awareness and uptake of SMAS manufacturing reviews could be improved
 - d. Skills and motivation of the workforce
 - i. Increasing retirement rates over the next few years will lead to a loss of skills
 - ii. The textile sector has an average wage that is lower than many other manufacturing sectors
 - iii. Calculating the return on investment in skills is difficult

- iv. Lack of awareness of who to approach for skills issues
- v. Some current Modern Apprenticeship provision for textile skills is too narrowly focused
- vi. There is a specific shortage of skilled designers who can also programme knitwear production equipment
- e. Leadership and management skills and practices
 - i. Awareness of, and participation in, leadership and management skills support is low
 - ii. Lessons from other sectors are a useful tool to highlight benefits of leadership and management skills and practices but access is limited
- f. Product and service innovation
 - i. Developing lighter weight products is attractive but difficult
 - ii. Existing provision of support focuses on working with academics and/or external consultants
 - iii. Lack of awareness of new technologies
- g. Process and organisational innovation
 - i. Lack of awareness of opportunities
 - ii. High overall investment in management time
 - iii. Requires a fundamental, visionary approach
- h. Cross cutting challenges and opportunities
 - i. Improve access to existing support via a single point of contact
 - ii. The Industry Leadership Group should develop and agree a focused agenda for productivity
 - iii. Ensure full engagement with the Scottish Manufacturing Action Plan
 - iv. Continue to communicate the sectors strengths to public policy makers
 - v. Accessing support from geographically distant locations can be challenging

17. There are a large number of existing support providers and products already in place to address many of the above challenges. In which case recommendations focus on raising awareness of the service and providing information that creates motivation to engage. In other areas where little service provision exists to address a challenge various initiatives and other actions are recommended. These recommendations are summarised in the remainder of this section

1.2 Recommendations

The table below summarises the potential productivity improvement opportunities in order of importance, under each factor. They are based on the findings of the research and include a note of the key stakeholders that could be involved in implementation.

1.2.1 Improvement opportunities and measures of success

Productivity improvement factor	Potential improvement opportunity	Possible Stakeholders	Measure(s) of success
1. Market development and sales	1.1 Increase uptake of existing marketing support products	STLA Companies Scottish Enterprise Business Gateway	Increased company use of existing support products to improve marketing leading to sales growth
	1.2 Develop support aimed at increasing awareness of buyers in London and the South East	Scottish Enterprise	Companies engaging with new service and increasing their sales in these markets
	1.3 Identify and catalyse collaboration opportunities between Scottish companies to access wider markets (e.g. similar approach to the Rail Interiors Solutions)	Scottish Enterprise Companies STLA	Collaborative opportunities have been actively evaluated by companies, new collaborations formed and growth in sales achieved
2. Investment in capital equipment	2.1 Pilot the use of textile specialist bid writers to help define development projects with capital equipment investment requirements and identify/access sources of funding. Links to improvement opportunities	Scottish Enterprise	Companies engage with this pilot service and increase investment in development projects, including capital expenditure, where there is an appropriate business case.
	2.2 Increase company uptake of the SMAS Capital Asset Review service	SMAS STLA Scottish Enterprise Business Gateway	Increased awareness of this service and greater use by companies, leading to higher levels of investment in capital assets
3. Systematic use of modern methods of manufacturing	3.1 Increase uptake of SMAS Manufacturing Reviews and follow on support	STLA Companies Scottish Enterprise Business Gateway	Increased uptake of SMAS Manufacturing Reviews, with the implementation of resulting actions and achievement of savings and productivity improvements
	3.2 Optimise textile involvement in the SMART Manufacturing Excellence Programme (including best practice visits)	STLA SMAS	Increased participation by companies in this new Programme leading to best practice from other sectors being adopted

4. Skills and motivation of the workforce	4.1 Increase skills development activity in companies by promoting the benefits for productivity and better signposting	Scottish Textile Skills Partnership SMAS	Companies more aware of the benefits of skills training and action is taken to increase participation in skills development, leading to a more skilled workforce
	4.2 Develop flexible training and innovation fund	STLA Scottish Textiles Skills Partnership Textile Futures Forum	Provision of new fund enabling single point of access for skills and innovation funding and engagement by companies on appropriate projects, leading to new products/service introduced and growth in sales
	4.3 Continue to develop the scope of Modern Apprenticeships to ensure they fit with industry need and uptake rates are higher	Skills Development Scotland Scottish Textile Skills Partnership STLA	Modern Apprenticeships for textiles include a broader range of manufacturing skills and this leads to higher numbers of people gaining the qualifications
	4.4 Investigate the potential to increase the programming content of design courses	Scottish Textile Skills Partnership Companies	Evaluation of the proposal to revise content undertaken and additional appropriate programming content being introduced
5. Leadership and management skills and practice	5.1 Increase uptake of the wide range of support in leadership and management skills and practices (e.g. SE Workplace Innovation Fund, SE Leadership Essentials Programme, etc.)	STLA Companies Scottish Enterprise Business Gateway	Increased uptake by companies of existing support services in this area - leading to more companies adopting structured management practices
6. Product and service innovation	6.1 Improve industry awareness of the commercial potential of innovation opportunities including the themes of the European Technology Platform on Textiles and Clothing	Textile Futures Forum Companies	Increased awareness of innovation-driven opportunities, a greater number of innovation projects launched and sales growth achieved from new products and services
	6.2 Explore new Innovation Challenge funding	Textile Futures Forum STLA Scottish Funding Council Innovate UK	Provision of new innovation challenge funding linked to the opportunities identified in recommendation 6.1 and development of company-led projects. This will lead to new products/services introduced and growth in

			sales
	6.3 Increase uptake of existing product/service innovation support (including support from Scottish Enterprise, Innovate UK, Zero Waste Scotland etc.)	Scottish Enterprise STLA	Greater awareness of companies about the product/service innovation support options and greater uptake. This will lead to an increase in the number of new products/ services introduced and growth in sales
	6.4 Develop cross faculty student projects to support innovation within companies	Textiles Future Forum	Provision and awareness of opportunities for cross faculty student projects and engagement by companies in such projects. This will lead to an increase in the number of new products/ services introduced and growth in sales
7. Process and organisational innovation	7.1 Investigate sector pilot programme on process and organisational innovation using Article 29 of the General Block Exemption Regulations	Scottish Enterprise Companies	Development of the pilot programme, participation by companies and funding of a number of process and organisational innovation projects. This will result in more productive processes being introduced
	7.2 Investigate scope for automation with the National Manufacturing Institute for Scotland	NMIS STLA	Increased awareness by companies of the opportunities presented by automation and evaluation of specific applications. Where appropriate this will lead to increased capital investment
8. Cross-cutting challenges and opportunities	8.1 Agree a focused agenda for sector productivity improvement	Industry Leadership Group	A focused agenda for sector productivity improvement is agreed and publicised by the ILG.
	8.2 Pilot the use of expert textile advisers to improve access to existing support.	Scottish Enterprise	Increased engagement by companies to access support products and more strategic development plans in place. This acts as a gateway to increased uptake of support across capital investment, innovation, skills, adoption of structured management practices, etc.
	8.3 Ensure full engagement	STLA	Clear mechanisms are in

	with the Scottish Manufacturing Action Plan	Companies Scottish Enterprise Skills Development Scotland Zero Waste Scotland	place for the ILG and wider textile sector to engage with the each of the eight thematic areas of the SMAP and developments in the approach of other sectors are monitored to identify where there are lessons for the textiles sector
	8.4 Continue to communicate sector strengths to public policy makers	STLA Companies	A clear set of messages are agreed to communicate with policy makers and evidence is gathered in a systematic way to help reinforce those messages. The importance of the Scottish textile sector is fully understood by decision makers
	8.5 Continue to improve access to support for geographically remote businesses	All support providers	Increased engagement in support services by companies from more geographically remote areas

Table 1 - Potential improvement opportunities, stakeholders and measures of success

The above table contains 20 potential improvement opportunities and is composed of:

1. Opportunities to increase the uptake of existing support services
2. Opportunities to improve existing, and develop new, support services
3. Opportunities to stimulate debate about new opportunities

The opportunities identified above can also be considered in terms of: the complexity involved in their implementation; the additional resources (financial and time) required by the public sector and companies to implement; the breadth of evidence supporting the opportunity from both interviews and secondary information and; the potential impact on sector productivity. A high level ranking of the opportunities, using these factors, is described in the section below.

In addition to the opportunities, categorised as 1-3 above, there are also a further three actions aimed at improving the profile of the sector from the perspective of public policy.

1.2.2 Prioritising improvement opportunities

A high level score, for each potential opportunity, has been assessed based on the following definitions:

Complexity of implementation	
Low	Relates to an existing service where barriers to engagement are relatively low - or involves relatively simple actions to implement (if a new service)
Med	Relates to a degree of difficulty in engaging companies - or moderately complex new services to establish
High	Relates to a high degree of difficulty in engaging companies - or high complexity in establishing new services
Additional resource requirement	
Low	Relates to a service already funded and where company time commitment is modest - or a relatively low level of funding required for implementation
Med	Relates to a new service or action that requires a relatively moderate level of funding to implement - and/or where company time commitment would be significant
High	Relates to a new service or action that requires a relatively high level of funding to implement - and/or where company time commitment would be very significant
Breadth of evidence supporting the opportunity	
Low	Relates to where one or two consultees identified the issue (but it was important to their company/ sub-sector) - and/or where minimal secondary information highlighted it as relatively important
Med	Relates to where the opportunity was identified by only a few consultees - and/or where a moderate number of secondary information sources highlighted it as a potential opportunity
High	Relates to where many consultees highlighted the opportunity - and/or where a significant number of secondary information sources highlighted it as a potential opportunity
Potential impact on sector productivity	
Low	Relates to where the opportunity would have a relatively low impact on productivity of the sector
Med	Relates to where the opportunity is judged to have a either a significant impact on a limited number of companies - and/or where the overall impact of the action is moderate
High	Relates to where the opportunity has the potential to have a significant impact across the whole sector

Figure 1 - Rationale for relative scoring of potential improvement opportunities

The relative scoring, based on the above definitions, is shown in the figure below.

Potential improvement opportunity	RELATIVE SCORE OF OPPORTUNITIES			
	Complexity of implementation	Additional resource requirement	Breadth of evidence supporting the opportunity	Potential impact on sector productivity
Increasing uptake of existing support services				
1.1 Increase uptake of marketing support	Low	Low	High	High
2.2 Increase uptake of SMAS Capital Asset Review service	Low	Low	Med	Med
3.1 Increase uptake of SMAS Manufacturing Reviews	Low	Low	High	High
3.2 Optimise involvement in SMART Manufacturing Excellence Programme	Low	Low	Med	Med
4.1 Increase awareness and uptake of skills development support	Med	Med	High	High
5.1 Increase uptake of leadership and management support	Med	Med	High	High
6.3 Increase uptake of product/service innovation support	Med	Med	High	High
8.2 Pilot the use of expert textile advisers to increase access to support	Low	Med	High	High
8.5 Continue to improve access for geographically remote businesses	Med	Low	Med	Med
Improving existing and developing new support services				
1.2 Develop support to raise profile in London and South East	Med	Med	High	High
2.1 Pilot use of bid writers to support companies scope growth projects	Low	Med	High	High
4.2 Develop flexible training and innovation fund	Med	Med	High	High
4.3 Broader range of manufacturing skills in Modern Apprenticeships	Med	Med	Med	Med
4.4 Increase the programming content of design courses	Med	Med	Low	Med
6.2 Explore new Innovation Challenge funding	Low	Med	Med	High
6.4 Develop cross faculty student projects to support company innovation	Low	Low	Med	Med
7.1 Sector pilot programme on process and organisational innovation	Med	Med	High	High
Stimulating debate about new opportunities				
1.3 Identify and catalyse collaboration opportunities	Med	Med	Low	Med
6.1 Improve awareness and interest in innovation opportunities	Med	Med	High	High
7.2 Investigate scope for automation in textiles manufacture	Med	Med	Med	High

Figure 2 - High level relative scoring of potential improvement opportunities

Inspection of the above figure suggests that opportunities involving actions to increase the uptake of existing services should be a priority, particularly where complexity and additional resources are relatively low. There is also significant potential impact on productivity to arise from implementing improvements to existing services and creating new services. However, in the majority of cases, this will be relatively more complex and require additional resources.

As mentioned previously, there are three actions aimed at improving the profile of the sector from the perspective of public policy:

- The ILG should agree a focused agenda for productivity improvement (8.1)
- Ensure full engagement with the Scottish Manufacturing Action Plan (8.3)
- Continue to communicate sector strengths to public policy makers (8.4)

The above three opportunities should be considered as priorities that will support existing efforts to create a more attractive picture of the sector amongst public policy makers.

Based on the above prioritisation and the need to develop a focused agenda on productivity improvement, five productivity action themes have been proposed. These five themes align with the seven factors highlighted during the research (with some factors being merged into single themes). Under each of the five themes the top two or three priority recommendations

are listed (in relative order of importance). This focused agenda is provided as a starting point for discussion by the Industry Leadership Group. The five productivity action themes and priority recommendations are:

- Market development and sales
 - Increase awareness and uptake of existing marketing support
 - Develop new service to increase presence in London and South East
- Investment
 - Investigate sector pilot funding programme on process and organisational innovation as a mechanism to support capital and other costs
 - Investigate use of specialist textile bid writers to help access funding
 - Increase awareness and uptake of SMAS Capital Asset Reviews
- Leadership & Skills
 - Increase awareness and uptake of leadership and management development support
 - Increase awareness and uptake of workforce skills development support
 - Develop flexible training and innovation fund
- Manufacturing
 - Increase awareness and uptake of SMAS Manufacturing Reviews
 - Increase awareness and participation in the SMAS Manufacturing Excellence Programme
- Innovation
 - Improve awareness and interest in innovation opportunities
 - Explore new innovation challenge funding
 - Increase awareness and uptake of existing product/service innovation support

An additional enabling action is required to optimise the impact of the above five productivity action themes:

- Investigate the provision of expert textile sector advisors to help access support

The ILG should also consider how they ensure the textile sector is kept up to date with the implementation of the manufacturing action plan for Scotland, to help identify opportunities for the sector to be involved and learn from the experience of other manufacturing sectors.

business
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