



Peanuts and monkeys



Some readers have observed that they think I am going soft, that my column is becoming too kind and too nice, whereas they want some fire and sparks. Let's see if I am getting back on the right road.

In May we had an indication of the construction safety issues of some of the tanneries that are currently being constructed in Savar in Bangladesh. The roof-under-construction of Nurjahan Tannery collapsed and unfortunately some people were injured. However, it is an indication that local construction engineering or the execution of the construction may not meet minimum safety standards. If this roof had crashed while the tannery was in production many lives might have been lost. I think it is the moral duty of the clients of the Bangladeshi tanners to make their Bangladeshi suppliers aware that disasters, such as those that have happened in the textile industry, are not acceptable. Worker safety and the environment must be priorities in this new industrial area.

The leather industry is again going through a crisis period, so tanners are complaining even more than usual. The periods between ups and downs are becoming shorter so when previously a crisis period lasted a year or two and the recovery from the crisis 10 years, now the crisis period remains the same but the recovery period is shorter. Everywhere production is down and in some countries, like Pakistan and Bangladesh, as low as 30%-50% of the normal capacity. This means that particularly in Islamic countries where the industry needs to invest in the purchase of raw hides and skins during the Qurbani period of animal slaughter for the festival of Eid al-Adha (which falls this year on September 11), very little capital can be liberated for investments in technology, machines and research. Tanners in Bangladesh are still sitting on stocks from the last Qurbani due to bad sales, with the next Qurbani already at their doorstep. They also have huge bank loans on the back-burner for the construction of their new tanneries in Savar; hence they have a serious financial challenge.

Even if tanners in other countries don't have the burden of new constructions, many still hesitate to invest in new equipment. There clearly is a psychological barrier as tanners do not hesitate to buy new vacuum driers or shaving machines, whereas most think that investing in process control is a luxury.

They do not realise that any bought machine depreciates the moment it leaves the factory where it is built. Process control is a tool that, on the contrary, saves money in terms of water consumption, chemical consumption and most of all it reduces or even eliminates human error.

Human error in a tannery during the production process is the most costly extravagance tanners can allow themselves, but they are rarely willing to take steps to eliminate this extravagance. Most think that by having trusted workers who are checked by team leaders, who are checked by supervisors, that they can eliminate the errors. That is an illusion. Some errors can be reduced, but then each human being in the chain can make his own errors, causing even a composite error. So if errors are detected, they need to be corrected, which in the case of chemical mixes means that the old mix will be thrown away and a new mix has to be prepared. If the error is not detected, then you get the wrong leather and need to re-process with all the extra costs that brings along.

I have seen virtual mountains of rejected leather in tanneries, worth millions, useless because of wrong colours, wrong softness, damaged grain caused by adding the wrong chemicals. These mountains would be significantly smaller, if not completely eliminated, if process control were used. The investment necessary for the process control equipment would have cost a fraction of the immobilised money of the rejected leather.

From the photo top left, it is clear that each tanner interprets the world "technology" in his own way. This tanner in Indonesia is correctly proud of his invention that uses an old truck transmission bought from a scrapyard for \$50 to run his milling drums. He says "it works, so why should I spend more money?". He is obviously right, but that is an artisanal approach, not an industrial approach, because surely with this old wooden extanning drum and his technological innovation, he cannot expect top-quality results.

Then there is the mentality that believes that a drum, is a drum, is a drum and hence this favours local drum makers who sell their products at a fraction of the price of European drum makers. The local drums, made of local wood (above right), might well leak, but the tanner defends his decision saying it is "just a little" leak. This still leads to the loss of chemicals and water; thus



making the leather inconsistent and the chemicals wasted and polluting to the environment. Local drums last less time and, most of all, do not deliver the quality of professional drums.

Latest technology drums save water, power and chemicals. Case studies have shown that on a 3 metre x 2 metre retanning and dyeing drum, comparing standard technology with advanced technology, savings of up to \$60,000 per year can be made, meaning that the advanced technology drum has a pay-back of slightly more than two years thanks to these savings. There is no cheap local or Chinese drum that can beat these facts.

So tanners who believe it to be wise to go for the low-tech, low-cost equipment and reason that they don't really need process control or even automation are wrong. It is just that they are not willing to listen, not willing to think ahead and instead just compliment themselves on how clever they are not to buy that costly European equipment. Then, when they are confronted with the reality of Chinese drums sporting rusted bolts and badly deformed leaking wood even before getting into production, they will understand that it is of no use to close the stable door after the horses have bolted. But will they admit it? No way! That would hurt their pride.

Another example is tanners purchasing enterprise resource planning (ERP) software. Here, the battle is huge because local IT companies are cheap, convincing and omni-present. One tanner in south-east Asia began negotiations on the purchase of a highly professional ERP a couple of years ago that cost somewhere around €150,000. Not being able to purchase the ERP at even half the offered price, he went to a local IT shop and bought his ERP for \$50,000 and proudly announced this to the expensive IT developers. He said that he got what he wanted and at the price he wanted and declared his absolute satisfaction. As it happens, information came out through the back door that the locally developed ERP was incomplete and needed regular bug fixing, which made the tanner end up with a price tag of \$200,000, four times the original price he was so proud of, and 20% more expensive than the professional software, but without the quality and performance that was initially offered to him.

Effluent plants are another contentious issue. Sure you can buy a cheap effluent plant, but then it either doesn't work or doesn't give the required results and saddles the buyer with huge daily operating costs. The initially saved hundreds of thousands of dollars are quickly devoured by the operating costs. Tanners don't look at this and generally don't believe the supplier of the more expensive plants when they point at the costs to run the plant. They see the purchase price and not the operational costs. The Savar common effluent treatment plant (CETP) has estimated operating costs that may run to \$0.16 per square-foot, or so I am told. The Italian CETPs that operate in the various tanning clusters there look at about \$0.03 per square-foot. In the end, which is cheaper the cheap CETP with the high operational costs or the expensive plant with low operational costs?

Trying to be overly clever doesn't pay. Nobody can deliver gold at the price of iron. Tanners must understand this, because they themselves cannot sell glazed baby calf aniline leather at the price of third-grade pigmented printed splits. ☹



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