



With over 100 years' experience making shoes, Lloyd Shoes is well placed to judge whether India has what it takes to produce quality leather footwear

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India: a shoo-in for leather footwear?

With several German footwear companies now choosing to manufacture their leather shoes in India, World Leather examines whether the country is capable of rising to the challenge.

Poul Haugaard Petersen, managing director of German footwear company Lloyd Shoes, acknowledges that the lower cost of production is “one of the reasons to produce in a country like India”. He points out to *World Leather*, however, that if this were the company’s main criterion when choosing a manufacturing location, it would go to countries like Vietnam, Cambodia or Myanmar, where labour is even cheaper. Lloyd is one of several German footwear companies that have chosen to base their manufacturing operation in India. Rather than outsource to a partner factory in the country, Mr Petersen says Lloyd established its own factory “to ensure the same production quality standards in India as we have in Germany”.

Much of the equipment used in Lloyd’s factory was brought over from Europe and it imports materials (including leather and soles) when it “cannot get the same quality in India”. The soling leather it sources includes material from German tanning group Rendenbach, which employs an oak-bark ground-tanning process. This results in a tough but flexible leather, which is ideal for use in footwear soles.

All of the design and development work that goes into creating a Lloyd shoe takes place in Germany; Mr Petersen describes this phase as “the base of creating a premium-quality shoe”. Lloyd has its own model workshop and model maker in Germany, allowing it to make as many tweaks and adjustments as are necessary during product development. This is backed up by “great management and technicians” in India. The challenge for the company is to maintain a connection between the designers working in Germany and the production team in India.

Family-run company Melvin & Hamilton faces a similar dilemma. Although a small team at its headquarters in Heidelberg remains the “lifeblood of the company”, all of its shoes are manufactured in India, where it says it employs highly-skilled specialised personnel to ensure the products meet the required standard.

The company was founded in 1988 by Rajab Choukair to take advantage of a trend that saw men adopting a “business look” outside the workplace. It is now run by his two sons,



Poul Haugaard Petersen of Lloyd Shoes says it will take several years for India to compete with established manufacturers of leather footwear.

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Olivier Choukair (above) and his brother Karim are charged with carrying on the legacy built by their father Rajab, who still comes into the office every day despite handing over the reins to his sons.

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Karim and Olivier. Mr Choukair senior set out to design shoes that could be worn to work and then out on the town afterwards. It found its niche by combining traditional craftsmanship with contemporary flourishes, which often come in the form of brightly coloured uppers. Many of its shoes are made from vegetable-tanned leather; Karim and Olivier Choukair insist that the increased cost of this tanning method is irrelevant, as is the extra time required, because it ensures the sustainability of the brand, in their view. In fact, they say the different shades and nuances of colour that this method generates give the shoes a distinctive appearance.

These companies share a belief that the key to building strong relationships with their teams in India is to treat people well. Lloyd works hard to maintain good working conditions for the workers in its factory, while Melvin & Hamilton has also taken steps to ensure its workers are well treated and receive a fair salary. Maintaining these relationships ensures a more efficient operation and a reliable output.

Why India?

Mr Petersen says India's "very good leather resources and suppliers" can go some way to explaining why footwear companies are choosing to manufacture in the country. He adds that the price of materials is reasonable in relation to the quality.

India is aiming to grow its footwear exports as part of the strategy to boost the turnover of the leather sector. India's leather exports were valued at \$5.92 billion for the financial year April 2015 to March 2016, of which leather footwear made up \$2.1 billion. Germany was the third most important destination for leather exports during this time (behind the UK and the US), with an 11.5% share of the total.

Manufacturing of leather and leather products is a key focus of the 'Make in India' initiative, launched by Prime Minister Narendra Modi in September 2014. Among the targets is one

that aims to overhaul out-of-date policies and regulations (including export tariffs), and improve infrastructure in order to attract foreign investment.

In 2015, testing group Intertek opened a leather and footwear testing facility in Chennai to support India's footwear industry; the laboratory offers safety and performance testing. Manish Kumar, a regional director at Intertek, said at the opening of the facility that he expected it to play "a significant role" in the growth of the footwear industry. He added that improved testing would help ensure leather products manufactured in India meet the requirements of the regions in which they are marketed.

India hosted the nineteenth International Union of Shoe Industry Technicians (UITIC) Congress in Chennai in February this year, an event which was described by co-organiser, the Indian Council for Leather Exports (CLE), as one of the biggest in its history. The theme of the event was the Future Footwear Factory and it gave more than 170 delegates from 28 different countries the opportunity to assess the country's manufacturing potential. At the closing ceremony, UITIC president, Yves Morin, said he was convinced India has "footwear spirit, great management and great leaders", which made him confident in the future of the Indian footwear industry.

Can India compete?

As well as an insistence that their workers in India be treated correctly, Melvin & Hamilton and Lloyd both like to add handcrafted details to their products. The Choukair brothers are willing to invest the time and effort required to do this as they believe each individual pair should have "soul". Many of Lloyd's shoes are finished by hand, which it believes helps give each pair some individuality.

A desire to stand out from the competition is shared by another German company that manufactures its shoes in India – Gordon & Bros. In its pursuit of something different, the



Customers can add a tattoo design of their choice to any shoe from the Gordon & Bros Summer 2017 collection to create a unique product.

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brand is offering the option of adding a tattoo design to any pair of shoes in its Summer 2017 collection. Customers can choose from a catalogue of pre-prepared designs or request their own personal motif.

Gordon & Bros was founded in 1988 by Ash Mecca. His search for machinery that would allow his company to manufacture leather shoes in a traditional manner took him all over the world. He eventually found it in the east of the US before having it restored and transferred to India. Staff in the factory decided to call the machinery "Gordon", which inspired the company name. The second half of its name reflects the "brotherly collaboration" between the designers in Germany and the production team in India.

Lloyd says "first-class workmanship" is crucial to its shoes and its commitment to manufacturing in India suggests a belief that the country's shoe workers are capable of offering this. But can it really compete with countries like Spain and Italy when it comes to crafting leather footwear? Mr Petersen concedes it will "take several years for India to compete". He compares the situation to that of Japan, saying that 40 years ago that country had a reputation for producing poor quality, cheap shoes but has now managed to overcome that perception; he believes India is capable of doing the same. What's more, with the pace of technological advances, India's transformation into a centre for leather footwear manufacturing could come much more quickly.

Programmes are in place in India to improve the skills of the country's footwear workers. "Enhancing skill development" is a key aim of the aforementioned 'Make in India' initiative, which aims to improve the training offered to those working in footwear and garment manufacturing. As part of the Indian Leather Development Programme (ILDP), which was launched in January 2014 and is due to run until 2017, the

Footwear Design and Development Institute (FDDI) is establishing 55 training centres across India to provide a skilled workforce for the leather industry. The Ministry of Industry and Commerce says 55% of the country's active population is under 35, meaning a large proportion is ripe for training.

In July, the United Nations Industrial Development Organization issued a request for proposals from qualified individuals or institutions willing to help deliver a training programme in leather and footwear production. The programme will run from this October until next June and aims to boost the skills and knowledge of workers in the Kanpur and Unnao leather clusters through classroom-based and e-learning sessions. It forms part of the wider Kanpur Leather Development Project, which is funded by India's central government.

Beyond the margins

Mr Petersen tells *World Leather* that Lloyd is committed to developing a qualified workforce in India; he believes companies operating in the country have a duty to contribute to the development of its workforce. One way to achieve this is to give Indian workers more responsibility, something which Lloyd is keen to do.

"The pre-production work will slowly be moved to India," he says. "We have very qualified Indian technicians who, with training in Germany and consultation, are able to do the process just as well as employees in Germany."

Even though the chief responsibility for developing the skills of India's workforce lies with the government, companies that manufacture their products in the country are looking beyond their profit margins and are trying to give something back. Mr Petersen is confident that this will allow India to fulfil its shoemaking potential.

"We are sure that Indian workers have very good skills and are very interested in learning and improving in the shoemaking business. They have a great future ahead of them if the European and American markets help instead of just pressing for low costs," he concludes. ☺



Melvin & Hamilton's shoes are available in a range of distinctive colours and the company feels it is important to hand-finish each pair.

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