

Buyer's View: Bata



Bata – a place in history

Bata is a name that has resonated around the world for more than 100 years, so it would be unlikely that, in looking at the company today, one could avoid its extraordinary history.

Born in 1876, Tomas Bata (*right*) was an entrepreneurial personality of real international importance and, by the time he died in 1932, he had progressed from craftsman to giant industrialist.



In some languages in the world, the word Bata literally means shoes as footwear didn't exist before Bata came to their markets. In some locations, Bata is still the most widely recognised of any consumer brand. How did all this come about?

Tomas Bata had a clear vision, an idea – in spite of one of his slogans that “success is 99% sweat and 1% talent”. We do know today that Tomas Bata was gifted with technical ability and a strongly developed sense of duty and organisation.

The president of the Czechoslovakian Republic, Thomas Masaryk, said in 1929 “Tomas Bata once told me that his concrete ideal goal was 100,000 pairs as a daily shoe production.”

The business that became the Bata Shoe Organisation was established on August 24, 1894 in Zlin, Czechoslovakia, by Tomas Bata, and included his brother Antonin and sister Anna. Although this

business was new, the Bata name had been part of a tradition of shoemaking for eight generations, spanning three hundred years. Bata had his first success with canvas shoes when he was just 18 years old and these shoes were a sales hit for many years in the Austrian-Hungarian Empire.

The Bata business was one of the first modern-day shoe ‘manufacturers’, a team of stitchers and shoemakers creating footwear not just for the local town, but also for distant retail merchants. This departure from the centuries-old tradition of the one-man cobbler’s workshop was a brand new concept, creating an entirely new industry.

The Bata enterprise revolutionised the treatment of employees and labour conditions. Tomas consistently maintained a human focus, creating opportunities for development and advancement, and added compensation for employees based on achievement.

In late 1895, Antonin was drafted into the army for compulsory military service and left the family shoe business. Also that year, Anna left the company to marry, leaving a young Tomas to build the business on his own.

By 1905 Tomas had taken the new enterprise to 2,200 pairs of shoes per day, produced by 250 employees - utilising

resourceful imagination, skilled hands and modern machinery to keep up with demand. Under this ‘manufacturing’ system, productivity was greater than ever before.

The great leap in crossing the 100,000 pairs/day target was achieved in 1931.

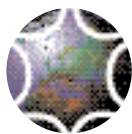
Significant figures:

Employees:	1894:	1915:	1930:	1939:
	50	2000	12400	23000
Working hours per day:	66	66	40	40
Productivity pair/day/man	1	2.5	6.6	10.2

In 1894, the shoe production in Zlin was 50 pairs/day and Zlin had 2,970 inhabitants. In 1935, the daily production was 250,000 pairs/day and the town already had 40,000 inhabitants.

Automation in production was one of Bata’s targets, with the latest and most efficient machines in shoe production as well as in leather production.

An integrated production programme was developed for shoes, lasts, leather, rubber and soles. It also incorporated machines, chemicals, adhesives and packing material including paper and cardboard. The company acquired coalmines, electricity power stations and had its own construction department for houses. When Tomas Bata in 1902 visited the United States the first time, he already employed 250 people.



The development of Zlin for the benefit of his employees was a fundamental part of Bata's philosophy.

In the US he collected interesting ideas for the housing development for workers and other employees, with integrated schools, hospitals, hotels or department stores and sport facilities.

The educational system contributed to the success story by selecting also executive personnel from the company's own staff up to college and university training in company owned institutions. The Technical University Zlin was founded on this existing basis in 2000 and is expected to have 5,000 students in 2005.

It is interesting to note that two foreign languages were a must in a central European country surrounded by neighbours speaking other languages. This was one key for the international activities of Bata in all continents.

Bata shoes were excellent quality and available in more styles than had been offered before. Demand grew rapidly in the early 1900s. Despite material and manpower shortages, cartels and the outbreak of World War I, sales continued to increase, reaching two million pairs per year by 1917.

As the enterprise prospered, so did the communities where it operated. Tomas Bata believed that a focus on people and public service was critical for business success. The enterprise built housing, schools and a hospital near the shoemaking plant in Zlin. It provided food and inexpensive rents during very difficult times, when there was no other help to be found. Bata companies later provided rail services, construction, insurance, publishing and a tannery in Zlin.

Following World War I, consumer purchasing power was very low. Tomas and his employees devised a plan to adjust to

post-war economic difficulties and reduced their shoe prices. Bata stores were flooded with buyers, and industry cynics were forced to follow their lead.

Already exporting to other European countries, Northern Africa and the USA, the enterprise began establishing new sales organisations in these markets during the 1920s. Companies were opened in Poland, Yugoslavia, Holland, Denmark, the UK and the USA. By the early 1930s, the Bata enterprise and Czechoslovakia were the world's leading footwear exporters.

The development of profit centres

"The Bata System" devised by the Zlin team, and later applied in other Bata Shoe Organisation companies, organised operations into autonomous workshops and departments ("profit centres"). This allowed employees to contribute ideas and to stimulate production, contributing to significant breakthroughs in footwear technology. Consistency in production has much to do with Tomas Bata's idea of optimal units and can be compared with other industrialised countries where increases in demand were met by extensions or improvisation of existing premises. In the case of Bata, whether it was a sole leather factory or a shoe upper leather plant, the most efficient production flow was defined and, if the demand increased, a new unit was built. Neat production was always visible and foremen wore white coats.

Whilst even in the second half of the last century in most tanneries the final calculation and therefore the knowledge about the financial result was often only available after the introduction of

computer assisted systems. Bata already had, in its early stage of development, a daily accounting system which allowed the management to react very quickly. This was important and necessary because, in contrast to most other shoe manufacturers, Bata fixed the selling price of shoes and then calculated backwards from the finished shoe to the employed materials, be it leather, lining, soles or laces.

A great proponent of modern technology, Tomas Bata was very likely one of the first industrialists to travel by private aeroplane. In 1929 Bata planned a shoe factory in Moehlin near Basle and it was there in 1932 that Tomas Bata died in a tragic plane crash when he was flying in for the opening ceremony. Tomas Bata was succeeded by his son Tomas J. Bata who was only 18 and was branch manager for Bata in Zürich.

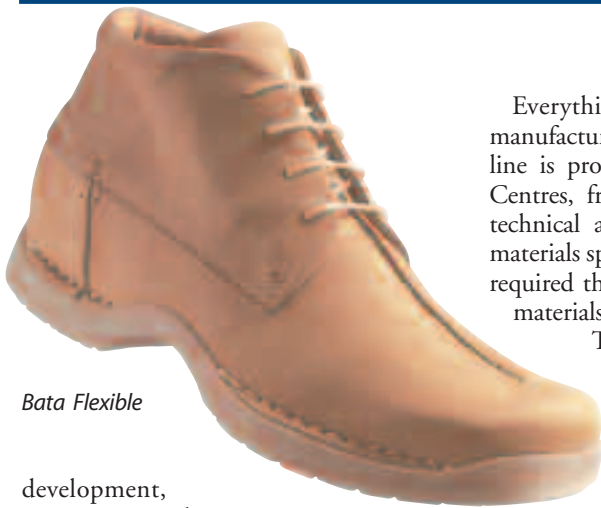
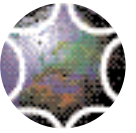
By this time, new companies had been established in France, Austria, Romania, Sweden, Switzerland, Egypt, Belgium, Finland, Luxembourg, Hungary, Italy, Indonesia and Singapore, and by 1938, the Bata Shoe Organisation had established a unique and widespread presence, designing, producing and marketing footwear in more than 30 countries.

The Bata Shoe Organisation regarded itself as a 'multi-domestic' rather than multinational enterprise, making it a priority to contribute to the economy in any new markets it entered. Production facilities were frequently added to sales organisations, beginning with Möhlin, Switzerland, and Calcutta, India. Many other shoemaking plants followed, at a rate of about two per year, until the 1960s.

During the 50s, 60s and 70s the organisation redoubled its focus on retailing excellence, international footwear branding, advanced manufacturing techniques and extensive employee training, another Bata tradition that dated back to its earliest years. The organisation continued to expand its retail operations and production facilities and moved into new countries of operation.

Bata today employs over 50,000 people in retail, manufacturing and wholesaling operations and has over 4,700 company-owned retail stores. Bata companies annually manufacture over 140,000,000 pairs of shoes in 46 production facilities and over 30 million square feet of leather in their own tanneries.

Bata operating companies are grouped into four business units based on similarities in markets and business issues. Each group benefits from synergies specific to their requirements, such as product



Bata Flexible

development, sourcing and marketing support. Each business unit is entrepreneurial in nature, and can quickly adapt to changes in the marketplace and seize potential growth opportunities.

Bata International serves customers in much of Asia, the Pacific and Africa through its 3,000 stores and many dealers. It is supervised from Singapore. Bata International operates shoe innovation centres in several countries as well as 30 factories to serve individual markets.

Bata Europe is based in Paris and operates 500 stores offering fashionable footwear. The world-class shoe innovation centre at Padova just outside of Venice supplies many of the exclusive lines found in Bata stores throughout Europe. Bata Latin America is based in Mexico City. Bata is the leading retailer of shoes in Latin America and the leading marketer of children's branded footwear.

Bata Canada is based in Toronto from where 250 stores serve the Canadian market. Its chain of Athletes World's and Nike Shops is the leading fashion source in Canada for young urban customers.

Product development has long been a source of pride to Bata companies, and allows it to stand apart from other manufacturers. From Shoe Innovation Centres in Canada, Mexico City, Italy and Indonesia, styling and technical designs are detailed and provided to various Bata manufacturing facilities around the world. Research is conducted into the application of new technologically advanced materials to new shoemaking processes. Bata personnel have over the years made key advances in several footwear production techniques in use today, including the Direct Vulcanisation Process (DVP) and slush-moulding. Bata inventors also patented the original process that adhered PVC outsoles to textile uppers and during the 1990s additional patents were awarded, including one for the first removable heel cartridge system for athletic performance footwear.

Everything required for the manufacturing and marketing of a shoe line is provided by the Shoe Innovation Centres, from the initial design through technical aspects like lasts and patterns, materials specifications and samples. When required they also provide in-store display materials and other marketing support.

The Bata Shoe Innovation Centre in Padova is the centre of design for women's and men's fashion and casual shoes for Bata, with designers and trend analysts reviewing trends for the entire Bata shoe organisation.

The Shoe Innovation Centre in Toronto, Canada specialises in the design of fashionable athletic and casual footwear, and produces the Power brand of skate and fashion athletic footwear.

The Bata Shoe Innovation Centre in Indonesia specialises in the development of inexpensive, high-value footwear for mainly tropical climates. This large team of designers and technicians provide product leadership for many Bata manufacturing operations in Asia and the Pacific.

Global guidelines

Every Bata manufacturing facility is subject to organisation-wide guidelines covering quality control, and health and safety standards. In addition, Bata companies purchase some 100 million pairs of shoes from other manufacturers for sale through their retail networks. Preference is often given to local suppliers for these products and Bata companies have a long-standing tradition of assistance to local suppliers capable of meeting their standards.

Bata has had a long tradition of producing its own leather requirements in Bata tanneries and the Bata operation in the Indian sub continent is a good example of this type of supply chain.

Bata Pakistan Limited came into being

in 1942 and is the leading and largest shoe manufacturing and marketing enterprise in Pakistan. With its two manufacturing facilities in Lahore, it annually produces and sells more than 12 million pairs of leather, rubber, canvas, joggers and plastic footwear. The marketing division has a large distribution and selling network comprising 372 retail stores, 23 wholesale outlets, eight distributors, franchise stores and 600 dealers. With PRs.2 billion (\$34.9 million) turnover in year 2002, Bata has the leading share in the domestic market and exports to the UK, Germany, France, Holland and Belgium.

In India, Bata incorporated the Bata Shoe Company Private Limited in 1931, with the company going public in 1973 when it changed its name to Bata India Ltd. Bata India Ltd. has five factories - Batanagar, West Bengal (1936); Bataganj, Bihar (1942); Faridabad, Haryana (1951); Peenya, Karnataka (1988); Hosur, Tamil Nadu (1994). The company manufactures quality leather, rubber, canvas and PVC shoes in wide-ranging designs and styles at affordable prices.

Bata India has two tanneries - one at Batanagar and the other at Mokamehghat in Bihar (1952), the latter being the second largest in Asia. In keeping with the Bata principles of production control, the Batanagar factory became the first Indian shoe-manufacturing unit to receive the ISO 9001 certification in 1993.

Bata India Limited is India's largest manufacturer and marketer of footwear products, selling over 60 million pairs per year throughout India and in overseas markets, such as the USA, UK, Europe, Middle East and Far East.

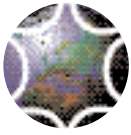
Bata India Limited exports around three million pairs of shoes annually, primarily to Western Europe, Middle East and Far East markets. The majority of the exports are canvas shoes under leading private labels to customers in the UK and France. Men's leather shoes are sold to established retailers in Europe, Middle East and Far East.

The company's most modern leather shoe factory is located in Hosur (Tamil Nadu) and is geared to make international quality footwear for export. This factory is comparable to the best anywhere in the world with a high degree of flexibility and is fully equipped to manufacture men's, ladies' and children's cemented and moccasin shoes.

Bata Shoe Co. (Bangladesh) has one modern tannery with its own effluent treatment plant, located at Dhamral, 38 km west of Dhaka City. It also has two shoe manufacturing plants located at



Design & Product Development - Shoe Innovation Centres



Gazipur, and Dhamral. The type of production includes footwear (leather, plastic, rubber, canvas, etc.) and finished leather. These plants produce 20,000 sq.ft daily of finished leather and 99,000 pairs of shoes of various descriptions. Bata Shoe Co. exported about 66,000 pairs of shoes and 470,000 sq.ft of finished leather in the year 2002 with local sales of about 24 million pairs during 2002.

The Innovation centre at Padova is continuously involved in the process of leather selection and its stylists and technicians make regular visits to the main trade fairs, tanneries and independent stylists to keep up with the latest trends. It finds that in general the leather industry, in the form of its own tanneries, or external suppliers, is able to work easily to its requirements. The Bata selectors look firstly for a specific leather at the price range to fit the particular shoe design and then source it at the most suitable tannery from the point of view of quality, reliability and logistics.

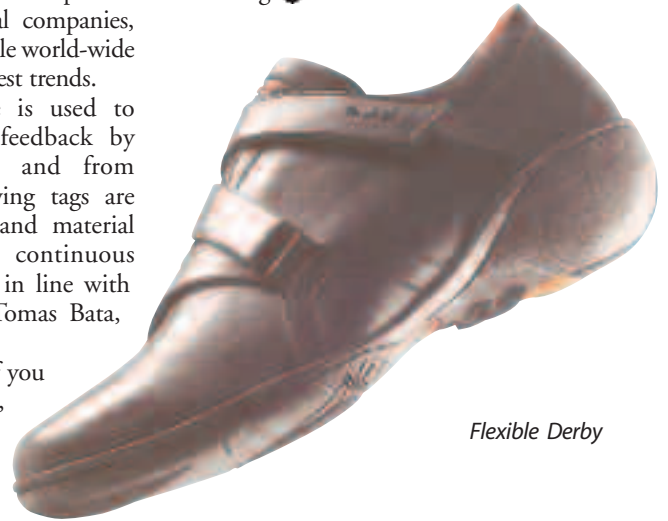
The main property or feature of a leather

demanded by Bata and its customers is increasingly more softness as footwear changes to less structured styles. The specialists in the Bata innovation centres report that they find the leather industry is usually able to meet technical and aesthetic demands for particular leathers, but not always at the prices required. Bata does usually work directly in partnership with specific tanners and chemical companies, preferring to use its considerable world-wide presence to keep abreast of latest trends.

This worldwide presence is used to collect valuable customer feedback by means of direct research and from numerous store reports. Swing tags are used to promote footwear and material properties and there is a continuous programme of staff training in line with the original philosophy of Tomas Bata, the founder of the company.

Tomas Bata believed that if you focused on providing service, then profit would follow. Focus only on profit, however, and you would

soon lose your customers. Bata's commitment to service continues to this day, from the designer's sketchbook through to the performance of its shoes on a customer's foot. Bata companies strive to supply the right products, at the right time, at the right price and in any management seminar that is the classic definition of marketing. ●



Flexible Derby