

Buyer's View: Roseal Leathers Ltd



Ron MacDonald (right) and Eduardo Araujo commercial manager of Cortume Minuano trying out the end product.

"Where are all the bald cows?"

This edition of The Buyers View is different to our usual type of story in that it is not concerned with a company that is mainly involved in the manufacture of finished articles. The company does however form a vital part of the manufacturing chain running from abattoir to tanner through to manufacturer, retailer and finally consumer.

This is an important link in providing that special source of just the right kind of leather for all those rapidly changing demands from the furniture and automotive sectors of the leather using industries. *World Leather* was recently given a fascinating insight into the international activity and complexity involved in the supply of specialist upholstery from markets as far apart as China and Brazil by Ron MacDonald the owner of the company Roseal Leathers Ltd.

Roseal leathers developed from Ron MacDonald's long career of 35 years working in the supply of footwear, leather goods and garment leathers with various tanneries including Holmes Halls and the Pittard group. During this career a relationship was formed with Carroll Leather Inc of North Carolina, who were

established leather suppliers to the furniture industry in the USA. Carroll Leather had strong links with US based automotive leather manufacturers who were expanding their operations in Europe as well as links with established crust and finished hide suppliers in South America and Italy. This resulted in the formation, some eleven years ago of Carroll Leather UK. This company with Ron MacDonald as MD operated a parallel operation to its US parent and quite quickly developed sales of upholstery leather to European manufacturers. It immediately saw an opportunity to supply leather from sources previously deemed to be "too far away" and brought Brazilian and Argentinean leather right onto manufacturers doorsteps. The company held inventories of customers' ranges and colours and offered a "next day" delivery programme, this being an extremely important part of the supply chain.

In 2000 Roseal Leathers Ltd took over the upholstery leather division of Carroll UK whilst to this day still retaining strong connections to the US company. In 2002 the company relocated to Chesterfield where it operates its international distribution and sales network.

A company such as Roseal must always strive to be more than merely a leather supplier or it would very quickly go out of business. As one would expect the sourcing of leather has always been market driven. The company has continually looked to provide the quality required at the price affordable in the timescale available. The other important factor is the ever changing "fashion" in upholstery and it must always adapt textures, colours and characteristics to meet market trends. Therefore flexibility is a vital factor when looking at sourcing.

The sourcing cycle

This flexibility applies also to the tanners in their methods of working and with ever increasing demands to reduce lead times the company's suppliers have had to respond in turn by shortening their process times. The traditional four to six weeks from raw hide to finished leather is no longer acceptable. Furniture retailers are having to reduce their delivery dates to the public who in this "fast" age will not wait twelve, ten or even eight weeks for their new leather sofa to arrive. Shops who can deliver in four to six weeks maximum can capitalise in the market place. Therefore with manufacturers generally needing ►



up to four weeks to manufacture this only leaves the leather supplier four weeks to have the hides available for cutting. Much of this has been achieved by tanneries holding hides at the dyed crust stage therefore only requiring the finishing process when colours and textures are known. More recent trends have been the major advances in shortening delivery times made by supplying cut panels and cut and sewn covers. Although airfreight services around the world have improved, it is much more cost effective when cut parts are shipped as against leather in hide form.

Selection of the product

An extremely important process in any manufacturing/supply chain is the selection of the material to be used. As with most other sectors of leather based consumer products the upholstery industry is somewhat seasonal although ranges are updated on a constant basis. Selection of leathers to be used by manufacturers coincides with the development of their styles and is usually three to six months in advance of the selling season. A close collaboration with upholstery designers is essential in presenting a selection of the appropriate types of leathers to meet all of the manufacturer's requirements. It is vitally important that new looks, textures and colours in a range of qualities and price points are regularly presented. The leather upholstery industry is increasingly international with designers, suppliers, manufacturers and retailers located all over the world, therefore awareness of worldwide trends is extremely beneficial and attendance at the major furniture exhibitions assists greatly in putting the overall direction of trends together.

Properties required

MacDonald cited consistency as the most important factor required from tanneries and this must be in all areas, notably quality which is judged by the cutting efficiency of the hides. Roseal insists that the same origin of raw material is used for each production batch. All physical characteristics such as colour, substance and softness are essential as well as the technical properties of the leather.

Upholstery leather that is too stretchy and shows "baggyiness" is not desirable even though this can be assisted by the springs and foams used in the upholstery production. In time leather will age and wear and like a good wine better quality leathers will age well and lower quality ones not very well.

Standards and specifications

These are becoming more precise and demanding daily with stringent standards established by consumer bodies, retail companies and even governments and Roseal has a legal duty to ensure that all its products meet these standards. Certificates of conformability are required six-monthly on every type and source of leather and some retailers are requesting that each colour in the range has an individual certificate. This necessitates that the company's suppliers whether in Brazil, Italy or China must have the facilities to produce leather to these standards and to monitor them regularly. Some of the more precise specifications relating to the leather's physical properties are being met by improved engineering, machinery and chemical techniques.



To cater for the Furniture Industry regulations most countries have independent laboratories which test upholstery leathers to particular standards. All the tanneries dealt with by the Roseal also have their own laboratories to test batches for physical and chemical performance.

Demands on the industry

MacDonald is of the opinion that it is the "emerging" tanning nations who have adapted more readily to the present day demands. Possibly as they are starting from "a clean sheet of paper". The traditional sources in Europe have been disappointing in their attitude to change, despite having first opportunity to react. Regulations imposed on working practices by governments, the ever-increasing regulations and holidays really frustrate Roseal's programmes. The annual August

shutdown in Europe means that there is a break of at least six weeks in shipments. Contrarily South American and Asian tanneries have no breaks in production of any significance.

Having said that, the advances in tanning and finishing technology have managed to keep up with demands on leather and those who have invested in new technology are reaping the rewards today.

Partnerships

Roseal has connections to tanneries all over the world. For more than ten years its long standing partner and supplier of wet blue, crust, finished leather and cut-and-sewn covers has been Cortume Minuano in Rio Grande do Sul, Brazil. MacDonald is convinced that Brazil, as the world's largest source of bovine hides will continue to expand as a supplier to the leather needs of the world in all forms. A recent visit to the Sao Paulo furniture exhibition firmly reinforced his view that Brazil will quickly become a major player in leather upholstery production (as it already is in footwear).

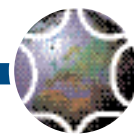
The company represents tanneries in Argentina and has regular supplies from half a dozen Italian upholstery tanners some of which tan and finish Roseal's own wet blue hides. It has also recently formed a collaboration with a tannery in northern China.

Aesthetic demands

It is becoming increasingly difficult for the leather industry to meet the demands of customers especially in view of the previously discussed, exacting standards of performance that leather is required to achieve.

MacDonald believes that the consumer would love more natural, aniline, soft, luxurious leathers but the achievement of the "wet-rubs, flexes, abrasion, light fastness, etc." standards necessary, is very difficult and expensive dyes and chemicals, etc., would be required in processing thus making the cost uncompetitive. If leather could be accepted as the wonderful natural product with fantastic aesthetic and health properties and not engineered into a "synthetic" product, the consumer would have more beautiful, luxury "genuine leather" upholstery than it is offered currently.

MacDonald stated that undoubtedly tanners are able create all the aesthetic demands and more, they have the artistry and creativity which has existed for thousands of years but they are being stifled by regulation.



Customer interactions and demands

Roseal obtains regular and detailed feedback from its customers reporting on perceived "faults" in the leather. Often these are natural characteristics such as healed scars and neck wrinkles. Many of the faults are caused during upholstery production and transportation with several complaints arising from consumers attempting to clean the leather surface with inappropriate products.

The best feedback is when a particular leather in a particular model continues to receive repeat orders. Roseal rarely receives feedback directly from the consumer relating to the leather although this would be very welcome. Roseal is becoming more and more involved as partners in their customers' businesses, no longer being simply a leather supplier. With the constant need to reduce costs in manufacturing it is supplying less and less leather in full hide form and more in ready cut panels, cut and sewn covers and over recent times it is collaborating with international manufacturers to supply the fully finished product.

The furniture manufacturers demand consistency from delivery to delivery over the lifetime of the programme and fixed prices over a twelve-month period or more. They do not consider fluctuating world leather prices nor currency exchange movements.

They demand that the leather is "guaranteed" for the lifetime of the upholstery product with any complaints or returns due to the leather being compensated for. Roseal is required to compensate for repairs to the leather (if not caused by transportation, etc.) often in the customer's home.

Other demands are for the leather, panels, covers, etc., to be available on the stipulated delivery date and the company often carries substantial stocks of



customers' leather for them and delivers on a just-in-time basis.

All the leather supplied is required to meet all the international standard requirements, be free of prohibited chemicals (such as PCPs) and sourced from suppliers that do not employ child labour and have sound health and safety practices. Often an ISO status is required. The need for generous credit terms assisting in their financing and inventory levels goes without saying.

Marketing

MacDonald is convinced that after 35 years in the leather industry there is less awareness and information available about leather today than previously. He feels that the retailers are as responsible as anyone in this area as they seem frightened to promote the characteristics and attributes of leather. They largely don't know about the product they are selling or seem reluctant to explain that the product is made from a cowhide with the hair removed. "Where are all the special breed of bald cattle?" asks MacDonald. Companies are too often seen describing leather as anything from "Grade 1 to Grade 30" whatever that means, also "leather and leather look", and many more.

It is hardly surprising that consumers are confused.

The consumer is "king" today. With "interest free credit" and "nothing to pay for twelve months" the consumer can return goods for no justifiable reason whatsoever and demand full refund. Not surprisingly a good few returns are made after eleven months just before the first payment is due.

MacDonald believes that there is a great responsibility on the leather producing organisations to tell the truth about leather and its characteristics and benefits, etc. As he says, "It is after all the most 'Honest' material existing today, what you see is what you get."

Information for customers

This usually starts with the full description of the leather, its aesthetic, physical and performance standards when the manufacturer first considers a particular type of leather for their production.

Roseal works with each manufacturer and often retailers in the description of the characteristics and care instructions which are usually shown on either a swing tag or sewn-in label on the furniture itself. The company emphasises the natural characteristics and need to care properly for the longevity of the product. In many cases a cleaning and protective kit is sold together with the upholstery.

The future

MacDonald described his business as moving forward as one side of a triangle, the other two sides being the manufacturer/retailer and an "offshore" factory. He sees the business having partners in "old Soviet states" or Eastern Europe as it is now known. They will become to "Western Europe" what China is to the USA, having low costs and abundant semi-skilled labour. The region is easy to travel to with many airports operating with the low-cost airlines. Materials can be sent in and finished goods are only a few days by road from the final European destination, much quicker and lower in cost than container traffic from China and Asia.

Roseal is already supplying leather and cut-and-sewn covers to factories in Poland, Czech republic, Lithuania and Hungary who in turn make the finished products for customers in the UK, France, Germany, and the ever-growing "Eastern" European market itself.

The company is about to open a division in Poland with sales staff, warehouse and distribution facilities. In the future, who knows, "Maybe Russia?"

