

# Australian Weaving Mills Pty. Ltd.

## Case Study

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### Summary

Australian Weaving Mills Pty. Ltd. (AWM) is a brand manager of home textiles. It is part of a privately owned textile industry conglomerate. The conglomerate is the largest Australian textile group. Typical for this sector AWM is a mature, export oriented businesses. To improve process performance and sustain competitive advantage in a global marketplace the business has long recognised technology adoption and innovation were essential.

Through its location in Devonport, Tasmania, AWM is seeking to gain early access to the National Broadband Network. In a highly competitive global marketplace this will accelerate exiting plans to harness digital technologies and establish market advantage during the window of opportunity before their competitors can adopt similar innovations.



### Key words

weaving; textiles; manufacturing; continuous process improvement; innovation; integrated data management; tracking; inventory management; shipping management; digital literacy



### Business background

A wholly Australian owned and run company, Australian Weaving Mills Pty. Ltd. (AWM) continues to operate Australia's only towel weaving mill in Devonport, Tasmania. Processes carried out include weaving, dyeing, hemming, distribution, and customer sales and service. Since 2000, AWM has also imported and distributed made up bed linen. On average from financial years 2006-2010, AWM employed some 170 people, had an annual wages bill of \$7m and achieved annual sales of over \$42m per annum. The company is the largest employer in the Devonport region and contributes approximately \$20m to the regional economy. The conglomerate employs over 500 people in its textile manufacturing, has a \$21m wages bill and annual sales of \$140m. Serving an international market the group's Devonport manufacturing centres is augmented with another in Victoria.

The corporate entity that is now AWM can be traced back to 1927 when the business began manufacturing Dickies towels in Yarraville, Melbourne. By 1996 the National Textiles Group had bought out AWM and, in 2004, was then acquired by the New Bounty Corporation Pty. Ltd.

Key AWM business features include:

- Market leadership position.
- High profile brands including Dri-glo, Dickies, and Palm Beach.
- Strong quality emphasis -ISO 9001 accreditation, low B-grade and low rework.
- Quick Response/on-time delivery supplier status > 98% on time.
- Strong customers—Myer, David Jones and Harvey Norman.
- Fully integrated operations from weaving to finished product and through to retailer.
- Experienced and proven management team.
- Excellent capacity to rapidly and cost effectively fill existing and moderate to small orders when compared with overseas importers.

Innovation is the key to successful production and marketing practices in the textile fabric industry. Informing the purchaser of a product's capabilities and differentiating it from existing alternatives is crucial for success. As is the on-time, cost effective management of supply chains. In an industry where practices have been well established Information and Communication Technologies (ICT) offer a way to establish advantage; whether through improving processes (especially avoiding overstocks and waste), serving a new market niche, or being more responsive to customer demand.

## Competing in the digital economy

AWM have recognised the inherent long-term value of harnessing advanced technologies to drive continuous process improvement. This has made the acquisition of certain technologies a major economic and investment imperative. It is considered essential ICT innovations span all operations; including textile weaving, fabric coating, dyeing, hemming and distribution to market. Advantages sought from investment in ICT— both computing technology and digital networks—included:

1. Consolidate and accelerate investment growth.
2. Standardise best practice across all companies in terms of technology, automation, management systems and processes.
3. Optimise infrastructure sharing.
4. Improve information sharing and remove inconsistencies and overlap.
5. Promote innovation and efficiencies derived through local relationships and collaboration.
6. Provide real-time information on product distribution and customer demand.
7. Maximise vertical integration through the value chain that can be built between each company.
8. Leverage process and performance efficiencies.
9. Factor market position and new market opportunities into production planning.
10. Consolidate management of procurement, sales, brand, category, export and distribution operations.
11. Create a more efficient and technologically savvy workforce by closing skill gaps and overall training and development activities.

The most significant factor in any major change process in a traditional industry and workplace revolve around culture and skills. The ability to create commitment and provide the skills to allow an individual to confidently use new technologies and associated work procedures directly affects

the speed and cost associated with introducing the technology required to compete in the global marketplace.

One of AMW's important aims was to "Create a more efficient and technologically savvy workforce by closing skill gaps and overall training and development activities". Along with this, you need to ensure that you are always at the leading edge; you have to maintain a higher level of risk by investing in leading edge technology that then generates innovation. To that end, a paradigm shift has occurred in the workplace requirements from physical manual activities to an expansive use of automation and technology tools to increase productivity. This requires an on-going, significant commitment.

## eReadiness

Regional and smaller businesses experience very specific infrastructure problems with engaging in the Digital Economy. Securing early access to the National Broadband Network in Devonport, Tasmania has been planned to promote new solutions.

With a relatively small population base in Australia, and especially in regional areas, aggregation of services and resources needs to be prioritised. This will reduce the barrier for smaller enterprises to be able to access the necessary, but relatively expensive, technology available to larger enterprises. The NBN offers levels of connectivity that has deterred and limited the further investment in technology and the capacity of the business to grow. Through use of community aggregation models or shared infrastructure across all supply chain partners enhances the viability of the broadband rollout while ensuring the benefits are shared by all.

Currently AWM is a technology island unable to adequately interact with sufficient speed with its customers and partners outside of Devonport. Its workforce is going through a major transition in skills in use of automation to deliver outcomes.

AWM has its sales and design teams located outside Tasmania. Customers are located in greater China, Asia Pacific, and Saudi Arabia who require real-time exchange of information and data. The impact on skills within the group is significant in learning new applications and electronic tools required in their day-to-day rolls. For example, high quality designs are now sent electronically between customers and design teams in various formats and protocols. Virtual samples have now replaced physical samples to provide flexibility and reducing time and cost to market.

Two types of technologies are predominantly involved:

- Physical manufacturing technologies that aid applied activities.
- Communications technologies.

Physical manufacturing technologies are typically confined to the manufacturing setting and progresses without any external dependencies. For example, there are automated dyeing systems which inject appropriate chemicals automating and monitoring the entire dyeing process. Other technologies relate to radio frequency devices in the warehouse or



production records linked to a central database. While physical manufacturing technologies are most often tied to a physical location or process, many are increasingly being connected to central reporting and production management systems.

A significant portion of the business of AWM revolves around management of the supply chain. Hence high bandwidth communication with customers, vendors, partners, markets and distributed offices are critical. For example, customer's orders can now be generated digitally directly into the AWM systems through monitoring of customer's point of sale devices. Thereby ensuring manufacturing is in sync with actual customer sales (not reactive).

## ICT Skills requirements

Problems with ICT skills reside in three broad areas:

- Digital literacy and ICT skills for employees in non-ICT jobs.
- Skilling in Integrated, multi-platform and connected technologies and relationships.
- Difficulty educational providers (suppliers) have in responding to demand.

The single most critical development gap required to improve company performance and empower the workforce to address future change is in training that addresses the lack of applied information technology (IT) skills in non-IT jobs. IT skills need to be transferred in a manner that is contextually relevant to existing work roles while being sufficiently robust that an individual can adapt as technologies or work practices change. For example, you can train a sales person and you can train an IT person, but it is insufficient to train a sales person with IT skills if it is not relevant to their vocational, applied context. Digital literacy—including information fluency, contingency skills, problem solving, and cross application skills—are the cornerstone skills underpinning information, communication and media technology deployment across all job roles. The emphasis on digital literacy is crucial in that the tendency is to see ICT as involving specialist competencies relating to a defined career pathway, not a ubiquitous tool required by many vocations. This results in strong IT specific training but only cursory knowledge of use of ICT in other disciplines.

The shift has occurred from the use of technology for independent automated machines to interconnected systems that rely on computing and communication technologies. Just as the manufacturing process has become interconnected to create efficiencies and improve quality, so has the relationship between participants in the supply chain. Therefore the need for reliable high-speed broadband connectivity is paramount for AWM within its own operations and across all suppliers, distributors and retailers.

In Australia, and especially in regional Australia, there is a decoupling of education institutions from instructors or workplaces delivering applied learning. Through a focus on competencies or learning outcomes tightly bundled into disciplines or qualifications most educational providers have difficulty aligning what they are funded to deliver, against the ICT skill sets and requirements business have for up-skilling or re-skilling an existing workforce. This compounds the problems facing companies such as AWM where there is a lack of skills in the workforce to adapt to new technology use and a significant commitment is made to the continual education required to sustain change. The inability to source relevant, affordable, applied training and education is a major risk to business growth and sustainability.

The ability of training institutions to respond at the vocational education and training level can be improved in two ways:

- More skilled educators are required that not only hold appropriate workplace training and assessment qualifications, but the contextual, industry knowledge. As the industry enterprises are investing and deploying ICTs, it is logical that Registered Training Organisations (RTOs) work in conjunction with businesses such as AWM to develop the necessary skills.
- There is a requirement that Training Packages be reviewed and standardised to promote the interchange of ICT and related skills. In conjunction with this effort there needs to be a focus on competency outcome that relates directly with outcomes in life and work, not just skills to use ICTs.

## Conclusion

The AWM understanding is that while infrastructure and technology investment is crucial in the regional area, connectivity and the skills required to effectively deploy technology represents two pieces of the puzzle considered essential if develop of traditional businesses and innovation are to flourish.

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