Operations – Mini Case Study

This month in the Business Studies Update we present a mini case study on an Australian small-medium enterprise (SME), Dixon Clothing Group. We have interviewed the entrepreneur, Steven Dixon, who began the company and we provide an overview of his thoughts on operations. The purpose of this edition of the update is to show you how real life businesses and entrepreneurs reflect on aspects of their operations. We jump out of the textbook and appreciate the rich description and insights that are provided by a practitioner. We begin by giving a brief overview of Dixon Clothing Group and Steven’s motivations for starting the business. We then explore his reflections on his operations management.

Introduction to Dixon Clothing Group

Dixon Clothing Group is an Australian manufacturing business that specialise in custom-made school and sports uniforms. They are a small business with 38 employees working in four countries (Australia, Fiji, Philippines and Pakistan). Dixon Clothing Group acts as the parent company for the following five subsidiaries:

- Dixon School Uniforms.
- Dixon Sports.
- #10 Teamwear.
- Dixon Clothing, Fiji.
- Dixon Screen Printing, Fiji.

Each of the five subsidiaries operates independently and is financially self-sufficient. Entrepreneur, Steven Dixon, believes that this structure allows him to assess which areas of the business are performing well, and which areas need further attention.

The core subsidiary for Dixon Clothing Group is Dixon School Uniforms which specialises in manufacturing and supplying school uniforms to Australian customers. The other strongly performing subsidiary is #10 Teamwear which supplies customised soccer uniforms. #10 Teamwear is a trademarked brand with global consumers.

Dixon Clothing, Fiji, the company’s garment factory, undertakes the majority of uniform manufacturing. 28 highly trained staff in Fiji ensure that Dixon Clothing Group has complete control over production. As Steven stresses, this control allows the company to meet tight deadlines and monitor the quality of all garments that are manufactured.

Dixon Clothing Group is a multi-million dollar business that has experienced tremendous growth over the last 4 years. Steven sites the following four reasons for the business’s rapid growth:

1. Creating strong relationships with customers by constantly exceeding their expectations.
2. Diversifying the product range to compliment the business’s ability to manufacture custom made garments. Dixon School Uniforms is a good example of this, initially #10 Teamwear soccer uniforms were the only product, until Steven recognised an opportunity for growth, and then positioned the business as an expert in the field of supplying school uniforms as well.
3. Increasing the customer database through research on the internet.
4. Encouraging customers to consolidate their purchasing rather than using four or five different suppliers.

The initial motivations

We asked Steven Dixon what were his motivations for starting Dixon Clothing Group:

The motivation for starting my own business was to take total responsibility of my life. I wanted the freedom, success and responsibility that comes with being a business owner and I was prepared to make the sacrifices and take the risks to make it happen.

I was only 26 years old when I started and I had less than $500 in my bank account. I had a very clear vision on what it was I wanted to build and I am now lucky enough that all of the hard work has paid off.

Over the past 10 years the business has evolved and moved into directions that I did not envisage when I started out. It is important to understand that the business environment changes and you sometimes have to change with it. It is the business owners who chose to ignore the changing environment and do not evolve over time that find themselves in trouble.
Strategic role of operations management

Dixon Clothing Group utilises a differentiation strategy with their goods and service. As explained by Steven:

Our products are not as cheap as others that are imported directly from Asia. Our point of difference is that our customers are able to design their own garment and we can make it for them in our own factory.

We market this heavily because we cannot compete on cheaper prices so we concentrate on what makes us better than our competitors. That is our outstanding service, being reliable, having complete control of delivery times and being flexible so that we are able to serve our customer the best way we can.

We focus very heavily on our culture within our business. It is very basic and it revolves around 2 words, ‘Care More’. It is very simple but everyone within our business turns up every day with the attitude to care more. It relates to our customers, our conversations with each other and the products we produce. You can imagine that having this amazing culture within our business creates fantastic experiences for our customers.

Goods in different industries

Whilst focusing solely on clothing manufacturing, Dixon Clothing Group manufactures a broad range of school and sports uniforms, appealing to a broad customer base:

We are able to manufacture all different types of school uniforms and sports uniforms across a wide range of colours and designs. Through Dixon Sports we are able to provide sporting equipment and sports training equipment.

Steven focuses heavily on marketing these two main product ranges to ensure a large market share:

We have created websites for our individual subsidiaries so our customers have a very clear idea of what it is we sell. We also produce high quality catalogues that we leave with our customers so that they have an immediate reference when looking for any of our products.

To drive traffic to our websites we spend a lot of time making sure we rank highly in Google. We have two virtual assistants based in the Philippines who work for me full time. They are experts in search engine optimisation and spend a minimum of one day a week concentrating on keywords that we need to rank highly in Google.

To get our catalogues to our customers we rely very heavily on direct mail. We know very specifically who our customers are and make sure that their postal addresses are up to date. When this has been done we are able to communicate with them on a consistent basis and update them when we have introduced a new product or marketing campaign.

Corporate social responsibility

Dixon Clothing Group supports many local charities as part of their corporate social responsibility. Steven explains the approach and its importance to his personal motivations:

A big part of our company culture is our contribution to the community. There is a saying that “to whom much is given, much is required”.

We are blessed that we have a company that gives our whole team so much. In turn we support many charities that make a big impact on the lives of others, such as:

* The Salvation Army
* Care Flight
* The Disability Trust
* St Vincent De Paul Sleestop

I personally sit on the board of The Friends of the Disability Trust which raises money to assist people with disabilities to integrate into our community. It is a wonderful cause and a great way for me to use my influence within the community to raise money.

The day that I realised that business was not just about making money, but making a meaningful contribution to our society was the day I got clarity on my purpose.

Inputs in the operations process

The primary transformed resource for Dixon Clothing Group is its raw materials:

Raw materials that are involved with the manufacturing of uniforms are the main transformed resources that are used. Our fabric is purchased here in Australia and then shipped over to our factory in Fiji. This is a more expensive process but it is another example of the control systems we have in place to ensure a quality garment.

Other transformed resources include things such as thread, zippers, elastic and ink for our screen-printing arm of the business.

The main transforming resource for Dixon Clothing Group is its sewing machines:

The main transforming resources we have are our sewing machines. These are maintained and checked every day by our technician before our machinists are allowed to sit at them.

We also have machines throughout our factory that are used to take a roll of fabric and turn it into a finished garment. Our cutting department is the first stage of a garment being made and we have large cutting machines that cut the fabric into the shape required.

Technology and the transformation process

Dixon Clothing Group views technological innovation as a key aspect of their operations processes:

Keeping up to date with new technology is vital. As the owner of the business it is my role to learn about any innovations that will keep us ahead of our competitors.

New technology also means that we are able to operate more efficiently as a business. This means that as we expand we continue to work smarter so that we are able to take on the additional work load without having to allocate too many resources (new staff) to manage our growth.

Technology is also vital for our team of salespeople. By constantly learning about the new tools that are being developed in the area of computers and communication, we are caring for our customers in new ways that assist them in their busy lives. Our customers are so important and we need to continue to keep moving forward and learning to provide them with even better service.

Performance objectives

Steven rates the quality of the business culture as the most important part of the operations of Dixon Clothing Group. This emphasis has flow on effects to other performance objectives such as quality, speed and flexibility:
The culture within our business is the most important factor. With the correct culture many of the other awesome attributes within a business look after themselves.

Imagine a team of people who are 100% committed to providing an outstanding experience to every person that we deal with. We have raised the bar so high that our entire staff understands that they are all accountable and responsible for how we interact with each other and with our customers and suppliers.

Therefore, by having an awesome culture we have identified service, quality, speed-to-market and flexibility as qualities that are aligned within our culture.

Equally important is our accounting structure and product pricing. You do not have a business if you are not making money so it is important that I have total understanding of our budgets, expenses and cost of goods.

New product design and development
Research, testing and development are an essential aspect of Dixon Clothing Group’s operations processes:

All new products that are introduced into our business go through a thorough research and development (R&D) process. The early stages of our R&D process revolve around establishing whether there is a need for a new product and researching whether similar products already exist in the market place. If we establish that there is sufficient support in the market place then we can move forward into the development phase.

In the garment industry this begins with the types of fabrics we use, then it is elevated into the designs of our patterns, then through to the manufacturing of the product.

Developing a new product is an exciting period in a business. You get to see your creations come alive and then if they achieve great sales it is even more satisfying.

Outsourcing
Steven believes the main advantage of outsourcing is that it reduces some of the internal headaches that small businesses face:

It is important to establish what areas of your business give you headaches and then move forward to achieving a solution.

For many years we experienced problems with our web development and graphic design. Sourcing solutions to this proved to be very costly and there were many wasted days and weeks spent trying to find solutions here in Australia. I now have I.T. people and graphics people that work for me in the Philippines. They are highly skilled and are always eager to learn and advance themselves.

My perfect solution would have been to keep the work here in Australia but by having my virtual assistants’ off shore it has helped our business grow which has consequently enabled me to employ more people here in Australia, just in different fields.

Quality management
Dixon Clothing Group’s main quality management strategy is to control operations processes from the early stages:

All of our transformed resources are selected on their high quality. We establish this quality through our R&D process and test that all raw materials behave the way that they should. We also have a department within our factory that concentrates purely on quality control.

Global factors
Communication and cultural differences pose the greatest challenges for Dixon Clothing Group in the global context of their operations:

The two main challenges surrounding international operations are communication between staff and the understanding of our cultural differences.

Communication within all businesses is paramount, the left hand should always know what the right hand is doing and vice versa. Only recently we have created an internal Facebook page that is used for all of our staff. The page is closed so only our staff can see it and everyone within the organisation is welcomed and encouraged to actively post on this site. The posts can be about family, or a recent accomplishment. What it does is break down the geographical barriers that exist within our business and allow each of our team to compliment and encourage each other, which builds a great sense of camaraderie.

On some days, the cultural differences that exist present interesting challenges. You cannot talk to a Filipino the way that you would talk to a Fijian, and our staff here in Australia respond differently to our two staff in Pakistan when placed in similar situations. This is an obvious statement but the challenge is understanding what it is that will bring the best out of our team.

Motivation, encouragement and also constructive criticism are all types of feedback that need to be presented differently. Good examples of this are:

• Australian Staff – Very self-motivated. Enjoy responsibility.
• Filipino Staff – Require lots of positive feedback and encouragement.
• Fijian Staff – Enjoy challenges, like being part of a BIG team.
• Pakistani Staff – Like financial rewards, keen to please.

All great leaders understand their team and what it takes to get them to achieve at their highest level. It is always a great challenge.

Disclosure
Leading Edge Education and Dixon Clothing Group are in no way affiliated. Neither Dixon Clothing Group nor Leading Edge Education have received funding of any kind from the other party in producing this case study.
The Rio+20 Conference and Business

This month world leaders and thousands of representatives from government, NGOs and business met in Brazil to discuss how they could work together to reduce poverty, improve social equity and encourage greater environmental protection.


The two main themes of the conference were:

- A green economy in the context of sustainable development, poverty eradication, and
- Institutional framework for sustainable development

These key themes guided the seven priority areas including decent jobs, energy, sustainable cities, food security and sustainable agriculture, water, oceans and disaster readiness.

Of relevance to the Business Studies course is the ethical and moral role that business has to play in sustainable development. According the conference organisers, sustainable development means the following:

Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs. Seen as the guiding principle for long-term global development, sustainable development consists of three pillars: economic development, social development and environmental protection.

The role of business in sustainable development

The big question that was constantly asked at the conference was “Can businesses succeed where governments have failed to protect the environment?”

Whilst the conference did not manage to achieve many of its lofty aims, the presence of many of the largest businesses in the world was seen as a very positive sign. This was a stark contrast to the first conference back in 1992 where almost no companies were represented.

A consortium of 24 large firms (including Coca Cola, Unilever and Nike) announced a new commitment to conservation. Tissue maker Kimberley-Clark announced it would halve its use of natural forests in the next 13 years.

A group of investors were also active in supporting the goals of the conference. Led by British insurer Aviva they have grouped together to lobby governments into legislating reporting on environmental and social performance.

The following point in the agreement shows that the investors had some success:

“We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle.”

The group of investors was after something much greater though. They would like to see companies report on their greenhouse-gas emissions, use of water, employee satisfaction (measured by recent staff turnover) and many other such indicators.

Don’t be fooled though, there are some selfish reasons behind the idea of the investors. Many believe that companies that have good sustainability and social practices will truly be the profitability businesses of the long term. The question is, will all businesses begin to think the same way?

References

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