

## JJH Textiles and Han Hamers

# NO SHOUTING AT WORKERS BY MANAGERS

| Staff Report |

**O**ur investment regime is not user-friendly—burdened with red tape, bureaucratic paper shuffling, and an array of bewildering rules and regulations and such like. It can be daunting to the locals, never mind the foreign investor. So, when Bangladesh Business talked to Han Hamers, we had to ask him how he coped with the situation.

“Counting to ten many times,” he said. In other words, by cultivating a Zen like patience.

Han Hamers is the director of JJH Textiles, which is a fully Dutch-owned company in Bangladesh. The factory represents a much-needed foreign investment addition to the ready-made garments sector, the single most powerful force driving Bangladesh’s economy. Even after its tragedies made global news, reforms are yet to be implemented in a substantial way regarding worker pay, safety, and legal protection. As European customers become more aware about the need for ethical practices in clothing manufacture, JJH Textiles has stepped into the breach. The company has been in operation since February of this year. It produces knitwear, both as

work-wear and as fashion pieces, for the northern European market, mostly the Netherlands, Germany and France. JJH Textiles also exports to Belgium, Austria and Switzerland. Thus far, the item they have manufactured most is the polo shirt.

Hamers decided to set up a plant in Bangladesh to take advantage of the comparatively favorable trade agreements between the country and Europe. He has been doing business in South Asia since the early 1990s, setting up Mahan Ltd, an eco-dyeing plant in Tamil Nadu, India. However, Bangladesh enjoys better trade advantages with Europe than India since under the GSP Bangladeshi garments have zero-tariff access to the European market. This, coupled with the fact that labor is cheaper in Bangladesh, makes exporting from Bangladesh the smarter choice. JJH Textiles was conceived of as a forward linkage knitwear manufacturing facility for fabrics dyed at Mahan. Currently Hamers’ clients want the knitwear made from textiles dyed at third party companies in Bangladesh, or locally sourced, before the fabric is to be cut and sewn. It is here that Hamers’ approach is fundamentally different



*Efficient 'cells' under the lean manufacturing system*

from the other companies. One is that worker-oriented companies are given preference over price-oriented ones. The 20 companies he works with were given a detailed list of conditions in this regard, that they have to strictly adhere to. Another safeguard he has instituted are surprise visits to verify for himself whether the “peaches and cream” conditions are actually being met. Hamers has to answer to his clients about the ethical standards of his supply chain, and he will not brook any slackness in the matter.

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Fashion changes quickly so products for that market is better suited to smaller orders, which his current factory set-up is equipped for right now. JJH Textiles employed 130 people in mid-April, operating at half its 375,000 dayshift-pieces-per-month capacity, and has plans to scale up to 300 by mid-June. Instead of the long assembly lines normally seen in apparel manufacturing, workers at JJH Textiles are instead organized into ‘cells’ of twelve to fourteen employees for each product. Each cell

makes the product from beginning to end. Each cell has a line controller and quality controller to push for the best needlework. Once the garment is ready, it is ironed and passed through a metal detector to check for broken needles. A thread sucker does away with any debris. Each piece is individually examined, packaged at the factory then shipped to the client directly or stocked at Hamers’s warehouse in the Netherlands, which acts as the distribution point. The cell structure has two advantages. First, the factory can easily adjust to orders of any size from clients, since long production lines increase the minimum order size. For example, where factories with a traditional layout cannot function unless they produce at least 1000 pieces, JJH Textiles can produce 250 without a hiccup. Second, JJH Textiles can increase the size of its workforce in increments. This lean, stripped-down manufacturing system is designed so that there are always ten new trainees. There are practices in place to relieve worker monotony, which means JJH Textiles trains workers to operate each and every machine. So, Hamers says, “Today a worker is sitting behind the button hole machine, [but] tomorrow she or he will be sitting behind a flat lock machine.” The work process therefore is designed to give workers breaks, while simultaneously teaching them more skills and experience. This kind of enlightened concern for the worker is a new thing in this industry.

Another progressive step JJH Textiles intends to take is to phase some of its workers into management. The first stage of training is beginners’ English classes offered after hours. Practically every employee stays back to attend. Hamers found management styles on the

typical Bangladeshi factory floor to be “ridiculous. They think whoever can shout the loudest is the best manager.” He has forbidden his managers to raise their voices at the operators.

JJH Textile’s biggest selling point therefore is its stringent policy of ethical production. They run a clean shop, with certifications from the Bangladesh Social Compliance Initiative (BSCI) obtained, and from Oeko-Tex Standard 100, another independent testing system, in the process. These certifications do mean that the company cannot offer the lowest prices in the market, but in Europe the ethical consideration is overriding other ones. It is increasingly becoming a very effective marketing tool and selling point. For instance, ethically produced work-wear is marketed as something the companies themselves use for their own employees. Comparatively, clients for fashion wear are experiencing some difficulties communicating about the need for ethical consumption to their consumers.

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Such progressive production processes are not limited to simply workers and the work environment. In addition to eco-dyed fabric, JJH Textiles offers their clients the option to have their orders manufactured with organic cotton, grown without pesticides, brought in from India. Their ambition is to go more green, to install a shredder in their factory premises so that fabric wasted after cutting garments, currently used in Bangladesh to fill mattresses, can be recycled into new yarn. Companies tend to need new work-wear every year, so the old clothes can be shredded, thereby saving virgin

yarn. Ultimately, it should be more cost-effective to buy recycled products than to make them from scratch.

JJH Textiles is located in Gazipur, on the outskirts of Dhaka. Hamers tries to hire his employees from the immediate area, which has high unemployment rates. He also aspires to a company fully managed by women, an aspiration that has been met with derision from some quarters. He is confident, however, that once his training program matures, it is possible. Managers, he says, need to be mentored individually. If someone is not used to being a manager, it can be difficult for them to adjust to that role. Small details, such as a manager’s attitude to her former co-operator on a machine, will determine how successful she will be.

Hamers admits that the process of setting up a company in Bangladesh, is excessively bureaucratic. As are export procedures and rules. As a fully Dutch company, especially, the hurdles are twice as many, with an official administration that can be non-cooperative. But, he has stuck to his guns. There is full compliance with BSCI guidelines, with eleven fire extinguishers, along with a fire hose, expensive fire exits, audio and alarm systems on every floor. This is, in fact, beyond what is required of an identical factory in Europe. Bureaucratic ineptitude can hamper safety installations needlessly. For example, in January, JJH Textiles finished a six-story high, solid steel staircase for emergencies only to see the requirement change to a concrete staircase in April. This is highly frustrating, so while a Dutchman and foreign investor like Hamers wants to “genuinely do the very best” in terms of safety of Bangladeshi workers, the Bangladeshi officials on the other hand obstruct such plans out of ineptitude, ignorance and a committee mentality.

Despite the challenges, Hamers is not one to give up. He remains optimistic about the company’s overall growth trajectory. He concedes it can be difficult to keep to an exact timeline because each step takes longer than expected (perhaps the Peter Principle of investing in Bangladesh), and so advises others willing to sail on the unpredictable waters of the Bangladesh apparel sector to “take your time.”

Count to ten many times. Slowly. **BB**