



2009 August

Newsletter

- Challenge us!

LTP activity results for 1st half of 2009

LTP

As every year we didn't have enough orders the first few months this year, but in summer time we are overloaded. As we know, this is because of the seasonality of the apparel business, which is felt by all apparel production companies. We are also influenced by the global financial crisis: LTP turn-over is app. 20% lower than planned. For that reason we were decreasing the company's expenses in order to avoid loss: in January all departments made cost saving plans, we strictly follow up on raw material utilization, produce as much as possible orders with the overproduction allowance, the last 3 months due to the lower workload majority of administration worked 4 days a week, we had to fire 14 employees. Thanks to these actions we saved 500.000 Litass in 6 months. Unfortunately that was not enough, and the company loss for the first half of 2009 is app. 300.000 Litass. Therefore from August 1st we have to decrease salaries to all employees by 10% for 1 year.

With the Norwegian sweaters producer „DALE OF NORWAY“ we cooperated for 4,5 Years, but lately they were reducing their orders for us and was turning unprofitable. Finally they informed us that from the end of July they were moving their production from LTP to Poland, where the prices are better due to the decreasing rate of Zlot. Due to that we had to close our production in Sakiai and re-organize the former DALE department on the 3rd floor in Kaunas. All employees are moved to light garments and sportswear production. Sewing ladies from Sakiai are daily transported to work in Kaunas, where they have the conditions they were missing in Sakiai: support from qualified mechanics and technologists, much faster work supply and pro-

blem solving in production. This will allow them to work faster and better and earn more money. Of course, everybody needs time to get used to the changed working conditions, but we believe that these changes will be positive. Alas, we didn't avoid losses: we can't find new job for 3 people from DALE production, and they will leave.

We are very busy with construction and sewing of samples for new customers, some of our current customers (KAIPA, KJUS, SWIX, VAUDE, SCOTT) are sending us much bigger collections than it was planned. This makes us believe that we will manage to keep our turnover level in spite of the fact that our main customers PEAK PERFORMANCE and HESS NATUR are decreasing their production in LTP.

We are very happy that this year we managed to control delays of raw material for the summer production and hope to avoid losses in production caused by the rush and delays and claims from the customers for delayed deliveries. We understand very well that you are all concerned about the future, therefore we are going to inform monthly about the situation in LTP and will be open for all kind of dis-

cussions. Our aim is to keep good working atmosphere, so if you have any doubts upon any subject, please ask—we will always give you information about the real situation. We thank you all for the understanding and are happy that due to our persistent work, cost savings, united spirit, mutual support, new ideas and initiatives we can control the current situation and believe that we will not only survive this tough period, but will get back the strong position of the company. We encourage everyone to be active in giving suggestions and ideas concerning improvement of our activities.

LTP Texdan

We are still feeling the effect of the global crisis. Preliminary loss of LTP TEXDAN for 1st half of 2009 is 350.000 Litass. Big influence on this result was made by the fact that we had to pay big amount in compensations for the fired people. Production volumes of all customers are still 30-35% lower than usual and some customers don't place orders at all (Camira, DSB, Ascon, Piiroinen). We put huge effort in searching for new customers, but so far we have only a couple: Brunner (France) and Kontinent Moebel (Sweden). But their orders are too

small to make any influence on our results, so we persistently search for new customers. Though we are minimizing our expenses, decreasing salaries and number of employees, we still decided to reinforce our sales efforts and will hire a new person to work and search for new customers together with Lina Briedelienė. We continue specialization of TEXDAN production sites: in Kedainiai we concentrate the seats' production (sewing & upholstery) and in Silale—on home furniture upholstery sewing. This will allow us to use the equipment and organize logistics more efficiently, and the employees will become more qualified in specific areas. Of course, all changes cause discomfort and some chaos (dissolving, changing locations, and readjusting of equipment, re-organizing of production lines and stocks), but we put all effort to make it as fast and with as little mess as possible. Our special thanks to the employees, who put biggest effort and time to that: Gitana, Edita, Rolandas, Donatas, production managers Vilma and Grazina. We really hope to finish all rearrangements till September and meet the autumn with stronger positions and ready for the new challenges. We wish you all patience and belief that the tough times are not forever: every time the night is over, a new day comes!

Businessmen from Denmark visit LTP and LTP TEXDAN

In the first week of June both LTP and LTP-TEXDAN had a very nice visit by a group of Danish businessmen, who were visiting a number of different kind of companies in Lithuania. The group expressed how impressed they were about both our 2 companies, and especially they were impressed about the good atmosphere they felt in both companies.



The group says thank you to Danish ambassador Laurits Michelsen for a very inspiring speech about Lithuanian business life and financial policy.



LEAN in LTP TEXDAN: how is it going?

LEAN team member, Process and quality manager Gitana shared about the works already done and planned for nearest future.

Implementation of LEAN in TEXDAN is gaining speed. Re-arranged working places in production: the worker's place became more compact and arranged so that only items needed for work are kept here. Connected departments are moved closer to each other: upholstery was moved to the sewing department area and the sewing line making items for upholstery was moved closer to it. Cutting is arranged so that certain equipment is placed where the sewing of it's outcome is made: single-layer cutter and manual cutting is moved to Silale and multilayer cutter is moved to Kedainiai. At the moment we are preparing for the major reorganization of production. We are creating the new production model, which will help us reduce production time and resources. It will soon be introduced to all the employees and we will start its implementation. Of course, it is not easy to get used to the new order, and in the beginning it seems that the new way is even more complicated. Therefore we hope for everybody's understanding and good will. If you have any ideas or proposals how to make something better, please feel free to tell Edita, Vilma, Rolandas or me.

All LEAN team members shared their impressions about how it was going:

What causes the success of LEAN implementation in TEXDAN?

It is most important is that all the employees are seeking this aim. This can only be achieved, if everybody is well informed about all the planned changes, involved into discussions, management takes into consideration their remarks.



LEAN team: director Inesa, staff & administration manager Saulė, production manager Vilma, technical manager Rolandas, process & quality manager Gitana, production process developer Edita



Rearranged upholsterer's working place and upholsterers' qualification table

The LEAN implementation team must be a unisonous group having a strategic plan, combining each other's actions and implementing them step by step. It is also very important that we are cooperating with LEAN experts, who show us the direction, help to systemize everything and find the solutions of problems.

What is the most difficult when working with LEAN in TEXDAN?

Probably the most difficult thing is to persuade the employees' to change the usual ways of work and habits, which to them seem the best, and to try to work differently. It is very human to resist the novelties, because they change our usual rhythm and make us feel unsafe. Therefore an

open and constant communication is extremely important here.

What new and useful things did you learn yourselves?

To plan strictly the jobs and to keep the plan, organize the work of other people and unite them. The way of problem solving by describing it and making a scheme, showed by the LEAN consultants, helps a lot. It was very useful to visit the factories where LEAN was implemented. It helped to perceive better the essence of LEAN and see how it works.