

SUCCESS STORY

SOCIALLY RESPONSIBLE MANUFACTURING BRINGS SUCCESS

Investments in modern production equipment lead to reduced waste and shorter production times, and increased salaries for some of Moldova's most vulnerable workers.

Mihai Dirtu is the manager of one of Moldova's most famous shoe manufacturers, OldCom, which employs 189 people, including 150 women. In the past 10 years, OldCom has transitioned from producing low-value technical and work footwear, to fashionable, modern shoes, but the people and processes in the factory struggled to keep up with demand.



Photo credit: Andrei Sochirca, MCP
Photo caption: Mihai Dirtu, manager of OldCom shoe factory in Moldova

Until recently, all OldCom's products were conceptualized and sketched by a single designer, and materials were cut by hand, resulting in a long manufacturing cycle of about 80 days, wasted materials, and low salaries for workers.

Equipment upgrade ensures efficiency

The Moldova Competitiveness Project (MCP), funded by USAID and Sweden, provided OldCom with grant to install computer assisted design software and incentivized the company to invest in an automatic cutting machine. The newly digitized design process combined with machine cutting allowed OldCom to reduce its manufacturing cycle four times, from 80 days to just 20 days, and cut waste to just 15%.

Reduced production times and less waste means greater cost efficiency, translating into fairer wages for OldCom employees

Machinists in the Moldovan apparel manufacturing industry are low-skilled laborers, 90% of whom are

women, and earn an average salary of just \$300 USD a month. The increased efficiency resulting from the technology upgrades at OldCom means that their machinists can reach an average of \$460 USD a month, an increase of more than 50%.

“Now we are able to react more quickly to market requirements, which has proved extremely important. Since installing the modeling software and the cutting machine, all of our production has gone digital. Thanks to this, we have learned to make a better product, both economically and in terms of design quality, which adds value to our products and to the brand as a whole” says Mihai.

“Thanks to investments in technological upgrade, we have learned to make a better product both economically and in terms of design quality, which adds value to our products and to the brand as a whole”.

Mihai Dirtu,
OldCom Manager

Long term vision for the apparel industry – shift to high value-added services

Moldova’s apparel manufacturing industry is the country’s **largest employer of women**, but the majority of its production is based on low-value stitching and assembly services, using outdated technology and inefficient production methods which result in low salaries and poor working conditions. For the industry to succeed in the long term, it is critical for it to invest in advanced technology and shift towards producing fashionable, own-brand products like OldCom’s new lines of shoes.

The value added for own-brand is 6.8 times higher, enabling higher profitability, investment and better paid jobs, and an industry based on own-brand production is more resilient than stitching and assembly services in a globalized manufacturing labor market.

MCP delivers investments in productivity and efficiency gains in apparel manufacturers like OldCom through its Streamline Manufacturing, Accountability, Resource efficiency and Transparency (SMART) program. The program incentivizes technical upgrades like CAD and automatic cutting machines through its SEED grant program, to improve product quality and manufacturing efficiency, reduce waste, and most

“This technology allows us to increase the speed of reaction to everything that is happening on the market”, he says. “We currently have 160 models of shoe, and we also want to develop accessories such as backpacks and handbags”.

Mihai Dirtu,
OldCom Manager

importantly, ensure fair wages and living standards for the thousands of Moldovan women working in apparel production units.

For Mihai, this new technology will allow OldCom to become a more competitive player in the regional shoe market, expand on its total of 12 stores in Moldova, Romania and Ukraine, and create more jobs.

MCP is funded by USAID and Sweden, and supports competitiveness gains in Moldova’s four key industries, including apparel production, to create a sustainable and thriving economy in the poorest country in Europe. To date, 15 apparel companies have used MCP SEED Fund grants to invest in 180 units of more complex and higher precision equipment, creating 245 new jobs, and 23 apparel manufacturers have installed high-end production engineering technology, leading to 20-25 percent average productivity gains, and a spillover effect on their 4,300 employees.



Photo credit: Andrei Sochirca, MCP

Photo caption: Seamstresses working in the OldCom shoe production unit in Moldova