



## Case Study 6: Uptodate Impex

### 1. Background

This case study has been developed on the basis of the SUSBIZ India programme running from 2007 to 2009 ([www.susbizindia.org](http://www.susbizindia.org)). The case studies were finalised in May 2009.

Uptodate Impex was founded in the year 1989 and has evolved through a diversified business model. In the nineties, the company dealt with various products primarily to Japan, especially handloom cotton, foodstuff, garments and herbal based cosmetics. The products were either sourced from India or directly produced by the company. The company also established different associated firms to carry out such diversified businesses.

In the year 2000 - due to economic recession in Japan - the company suffered a great setback and financial loss as two of its major Japanese buyers went bankrupt. The company survived by reorganising and started manufacturing plastic bags and other products. Today the annual turnover is approximately 1.5 million US\$ (2007-08) and 15 people are employed by the company. 40-50 home workers are employed through middle men.

The Danish SUSBIZ partner of Uptodate Impex -RICE A/S - is an important business partner for the company. Apart from supplying to the Danish market, products are also supplied to Japan, Australia, Malaysia, South Africa, Greece, Holland, United Kingdom, Spain, Portugal, Sri Lanka Brazil and the USA.

Uptodate Impex is involved in a social project which focuses on rehabilitation of street children in Faridabad through skill development training. Uptodate Impex supports the project financially and thereby helps the children get an education. Furthermore, as the children grow older, they are trained in producing some of the products that Uptodate Impex supplies. Hence, Uptodate Impex provides market access for these products.

### Production processes

In 2005 the company started as an export manufacturer and set up its own manufacturing unit. Plastic bags and a few garment products are manufactured at this unit. Some of the products - like silk items, handloom products etc. - are sourced from different regions of India. Some specialised products are outsourced to local dealers for manufacturing, but the raw materials for such products are supplied by Uptodate so as to control the quality of the products. The local dealers – or middle men - provide the material to home based workers for manufacturing. Uptodate Impex has setup a new production unit of its own in 2007 and is now operating from this new unit.

### 2. Challenges Identified During Needs Assessment

Uptodate Impex participated in the SUSBIZ India project considering it as an opportunity to learn new things related to CSR and subsequently integrate the learning into their

core business operations. The project coincided with the company's plan of expanding manufacturing activities through setting up a new production unit.

*"Actually generally what happens for a small company like us where we don't have too many employers, CSR takes a backseat. You want to do it - but you don't. So SUSBIZ pushed us in the right direction.*

*Asiim Nadvi  
C.E.O.  
Uptodate Impex*

Supply chain management was one of the areas that were considered as a critical component to CSR as well as to run the business operations smoothly. Uptodate Impex did not have any knowledge about conditions among the homeworkers to whom they were outsourcing business. For instance, child labour, excessive overtime and inadequate health and safety conditions are problems often found among homeworkers, but Uptodate Impex did not engage much with their suppliers so information on these areas was nonexistent. Therefore, the management was recommended to build cooperation with their suppliers in order to address any existing issues.

At the company's own factory, problems existed with regard to labour standards as no human resource policies were in place, workers were not enrolled under Employee State Insurance (ESI) or Provision Fund (PF). General health and safety management was also poor and fire fighting and first aid equipment was insufficient. Physical working conditions - especially in terms of illumination and heat during the summer- held a significant scope for improvement. With regard to the impact on environment no major issues were observed. However, the company had an old, noisy and very polluting diesel generator which was used during frequent power cuts.

### 3. Action Plan Implementation

#### 3.1 Labour Standards

The inputs from the SUSBIZ India project have made positive impacts in improving the labour practices and human resource management practices at Uptodate Impex. Uptodate Impex has recognised the workers as the most important asset to the company and made gradual improvements by developing a human resource policy and manual. The company is also extending social benefits to the employees via the government schemes such as Employee State Insurance (ESI) and Employee Provident Fund (EPF). The company has a plan to cover all the employees and workers under these schemes by April 2009.



*A Suggestion box has been provided for workers to raise their voice on relevant issues*

The company has also mapped all its important suppliers and is continuously making efforts to improve business linkages with the suppliers. Uptodate Impex is systematically visiting the suppliers to identify issues that might need attention. During the 6th SUSBIZ workshop on supply chain management, Uptodate Impex got acquainted with the activities of Ethical Trading

Initiative's (ETI) homemaker group in India, and the Indian project consultant of the organisation has organised a presentation for Uptodate Impex's contractors. By involving ETI, Uptodate Impex wishes to raise awareness on CSR among its suppliers and also educate them on what issues to focus on and how to tackle them. Uptodate Impex has also developed a "Business Associates Social Compliance Form", which specifies issues to research on when engaging with the suppliers. Issues for instance relate to: Number of workers, list of machinery, working conditions (cleanliness, space, light, temperature), working hours, child labour, discrimination, fire safety, first aid equipment, payment etc. By engaging this way, Uptodate Impex also want to make the suppliers aware, that CSR is of importance to Uptodate Impex and that suppliers doing good on CSR can expect increased business with Uptodate Impex, thereby affecting the business ethics of the supplier.

Before, Uptodate Impex thought that having a range of suppliers supplying the same item represented a safe delivery. Now, they realize that close relations with a few suppliers can improve the potential of efficient supply chain management. Thus, Uptodate Impex is moving towards having fewer suppliers with closer ties. Supply chain engagement is in the initial stage at Uptodate Impex, so effects are not very widespread yet, but initiatives are taken and will be sustained.

### 3.2 Occupational Health and Safety

Improvement of the physical working conditions in its own manufacturing unit was another improvement identified by the SUSBIZ project. The company installed fire safety measures and first aid measures in its production floors and trained personnel on use of this equipment. Illumination in the production area has improved considerably.

Moreover, at the time of the evaluation visits in March 2009, Uptodate Impex was in the process of installing industrial coolers in the production unit, thereby providing a comfortable working environment during the hot summer season.



*Fire alarm installed at Uptodate Impex*

Uptodate Impex also installed new ergonomic chairs for the workers to sit on. In the beginning workers were reluctant to use the new chairs because they were used to the old ones. But after some time they started liking the new chairs. This exemplifies, that to ensure that CSR improvements are seen in the right light and adopted quickly by the work force, worker involvement is critical.



*New ergonomic chairs compared to the old chairs. Initially workers were reluctant to use the new chairs, but started liking them after some time.*

### 3.3. Environmental Improvements

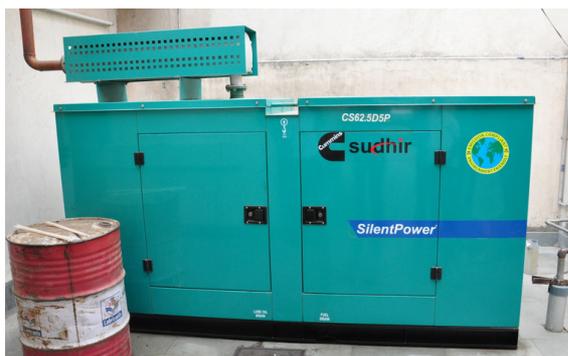
Though the manufacturing operations of Uptodate Impex are not energy intensive and it does not generate any production related

hazardous waste, it was recommended to initiate measures towards environmental sustainability. Waste is now being segregated at the point of generation and waste is increasingly being recycled. Furthermore, new products are being produced using waste materials.



Bins marked for waste segregation at Uptodate Impex

Also a new more efficient diesel generator - at four times the price of the old one - has been installed. The generator is more environmentally friendly and generates less noise. Additionally, a much smaller generator has been bought which is used during lunch breaks, where only office electricity is needed. As a result fuel is saved. Because the generator is a very new investment, data is not yet available on how much fuel is being saved.



New silent and energy efficient power generator installed at Uptodate Impex

***"Honestly speaking, when we had the earlier factory we were not much into health and safety"***

*Asim Nadvi  
C.E.O.  
Uptodate Impex*

## 4. Business benefits

Business benefits from supply chain management are already being observed though supply chain management is still in the initial phase: Better quality, a decrease of rejection/rework rate by an estimated 15% and a general improvement in on-time delivery of products as production processes run more smoothly now. Most importantly, this helps Uptodate Impex in meeting its customer's requirements more efficiently.

### Business improvements

- Better quality control
- Rejection/rework rate reduced by an estimated 15%
- Improved on time delivery of products
- Better negotiating power in dealing with buyers
- Improved scope for maintaining costumers and obtaining new costumers because of increased OHS standards and other CSR initiatives
- Turnover increased by 50 % during the last year
- Financial gain from reduced energy consumption
- Better value realised out of production of products from waste – Rs. 5.000 – 10.000 being saved monthly.

Though there is still way to go on supply chain management for Uptodate Impex, the company is now clear on how a particular product is produced and what the working conditions are at the production site. This information is used in the negotiation process with buyers. Buy showing the knowledge of conditions in the supply chain - as well as commitment improving these conditions – CSR concerned buyers feel more inclined to place orders with Uptodate.

A better physical working environment has helped the company in meeting specific standards on occupational health and safety demanded by customers. Hence, the scope for maintaining the relationship with important customers and gaining new ones has improved. Uptodate Impex has also realized that new costumers are more willing to make Uptodate Impex their permanent supplier because of the actions implemented.

***“When we started, none of our buyers were asking for compliance though we were working with big ones like Benetton. But these days most of our buyers ask for these things and because of SUSBIZ we are well equipped for those situations. Now that we are into it, they are more willing to make us there permanent supplier”***

*Asiim Nadvi  
C.E.O.  
Uptodate Impex*

The attrition rates have not been impacted as attrition was always low at Uptodate, but the implemented initiatives have improved the potential of maintaining low attrition rates as the workers feel they are having a better workplace.

The company believes that the SUSBIZ India project has indirectly contributed to an increase in turnover by 50% over the last one year. A positive growth trend in new buyers for the company and better visibility due to its CSR initiatives have been contributing in securing business with new customers.

Better value has been realised out of products produced from wastes. The company has also been benefiting or financially. By implementing waste minimisation programmes and energy saving measures Rs 5.000 – 10.000 is being saved per month.

## **5. Future Activities and Challenges**

Uptodate Impex has shown a great commitment to implementing initiatives suggested in the SUSBIZ action plan. There is still work to do in the continual process of working with CSR. The company needs to implement measures to improve productivity and to manage issues related to workers’ overtime during peak season of production. Production schedules are not planned efficiently enough in advance which is resulting in overtime. Non uniformity of orders from the buyers is also a barrier to proper production planning. The company has

been advised to negotiate with buyers on placing orders in a way that it can minimize overtime.

### **Uptodate Improvements at a glance**

- HRM manual developed
- Employment State Insurance and Provident Fund provided to all workers
- Staff is now provided with minimum wage
- Fire fighting equipment installed
- First aid boxes installed
- First aid training provided
- Training on fire fighting conducted
- Recycling of production wastes
- New products produced from waste materials

Also, further analysis and assistance has to be provided to improve productivity thereby realising resources to ensure appropriate overtime remuneration to workers.

***“We intend to continue going for it – there are many things we need to improve, especially in the production area. As we grow, we intend to involve more issues in our CSR work. The dining area is not part of the action plan, but that is what we want to do next – they need a better dining area with tables and chairs and so”***

*Asiim Nadvi  
C.E.O.  
Uptodate Impex*

The company plans to obtain certification to the SA 8000 standard on social accountability to demonstrate social accountability to customers. Uptodate Impex feels, that the initiatives implemented during the SUSBIZ project has helped them in working toward this goal.

Through continual improvements with regard to social and environmental conditions, Uptodate Impex hopes to sustain the business benefits they have already reaped by virtue of their engagement in the SUSBIZ project.

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