

## **REGIONAL POSITIONING STRATEGY**

**TO ESTABLISH A REGIONAL VISION AND BUILD UP A REGIONAL BRAND**

### **Textiles and Clothing Sector**

#### **Part of project:**

**“Building international competitiveness of textile companies in the  
cross-border region of Bulgaria-Macedonia”**

**under the IPA - INTERREG cross-border programme Bulgaria -  
Macedonia, implemented by Textile Trade Association - Textile  
cluster, Macedonia, in partnership with the Textile and Clothing  
Branch Organization (TCBO), Bulgaria**

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## 1. INTRODUCTION

This positioning strategy for the establishment of a regional image and a regional brand for the Bulgaria – Republic of Macedonia cross-border region for the textile and clothing sector is part of the project “Building international competitiveness of textile companies in the cross-border area Bulgaria-Macedonia” under the IPA cross-border INTERREG programme Bulgaria – Macedonia, N No2014TC16I5CB006 , priority axis – competitiveness, CB 006.1.31.146, implemented by the Textile Trade Association-Textile cluster of Stip, Macedonia, in partnership with the Textiles and clothing Branch Organization (TCBO), Kyustendil, Bulgaria. The purpose of this document is to present the development process of a strategy for positioning of the first regional cross-border cluster of both textile industries of the Republic of Macedonia and the Republic of Bulgaria with project name Trusted Balkan Apparel.

## 2. GOALS AND OBJECTIVES

The goal of the project “Building international competitiveness of textile companies in the cross-border region of Bulgaria-Macedonia” is to strengthen the competitiveness of the regional business. The main objective of this stage of the project - the development of a regional positioning strategy, is to bring out the discrepancies (gaps) between the current status of the textile industry in the cross-border region and its desirable condition, as well as potential risks for the industry. The long-term strategy for positioning on the international and national markets should take into consideration the identified discrepancies. The positioning strategy will have to define the position of the textile and clothing industry in the region for the next five years, according to the capacity of the companies in the sector, the market opportunities and in accordance with the project objectives and the vision for the growth of the region. The main questions to be answered in this document are:

- What is the current condition of the textile and clothing industry in the region?
- What are the risks for the textile and clothing industry in the region?
- What is the desired condition of the regional textile and clothing industry in the next five years as per the developed vision for growth?
- Is there a discrepancy between the present, a potentially risky condition and desirable condition.
- What are these discrepancies?
- What are the best criteria for the positioning of the regional label and establishment of a regional brand?

## 3. METHODOLOGICAL FRAME

The assessment of the present condition of the textile and clothing industry in the Bulgaria-Macedonia region was made on the basis of the data collected through semistructured questionnaires answered by the sector representing companies' senior executives. The purpose of

the activity is to assess the condition of the companies in the cross-border region and to identify the most common risks when entering new markets, risks that could hinder the realization of the vision for the region.

### 3.1 Methods of data collection

The regional positioning strategy builds up on two types of data:

- Secondary data collected through documents, institutional reports, publications, scientific papers, statistical databases.
- Primary data collected through semi-structured questionnaires filled in by owners, managers or experts in textile and clothing companies (a total of 19 companies – 7 from Bulgaria and 12 from Macedonia).

### 3.2 Methods for data analysis

Methods of data analysis are: (1) quantitative content analysis and synthesis of secondary data to derive basic facts and trends, (2) simple plans and analysis of incongruities ( GAP analysis) on the basis of self-assessment, risk evaluation and the aspired status (as per the vision for the growth of the region) of textile and clothing companies in the Bulgaria-Macedonia cross-border region.

## 4. PRESENT STATE OF THE TEXTILE AND CLOTHING BUSINESSES IN THE CROSS-BORDER REGION

According to the world trade organisation in 2017 there are 270 active regional trade agreements in the world. With the world economy and delivery chains globalizing, such initiatives aim to find new sources of competitive advantages for the regions on the free markets, There is a new entrepreneurial mentality and restructuring of industries through flexible informal systems (business associations) of companies with common interests and different levels of specialization which gradually replace the slower and more cumbersome operation of the commercial chambers.

For the purposes of this document, the textile and clothing enterprises in the Bulgaria-Macedonia cross-border region are regarded as part of a regional cluster defined as 'geographical concentration of interconnected companies and institutions in a particular activity' or 'group of companies related to the same economic agents and institutions that have close locations and create competitive advantages through mutually beneficial cooperation'. The expectations are that the operation of the businesses as part of the regional cluster will provide more opportunities to increase productivity and innovation; skilled labour force mobility, exchange of knowledge and skills; joint research and development of regional business networks, etc., than the gains the companies will have if they operate fully independently. The aim is that the companies achieve a sustainable competitive advantage as a whole and individually, as well as the regions and the countries where they operate. This is the reason why the EU should invest a lot to support such projects for cross-border cooperation under strategic priorities in the field of competitiveness and innovation. As a result of the EU policy, the number of clusters is increasing and there have been identified more than 2017 active groups, many of which are cross-border. The ultimate goal is to help member states and regions develop strategies for specialization and global competitive advantage of the European industry, as part of the Europe 2020 strategy.

At the present, the textile and clothing industry is concentrated mostly in less developed and developing countries. The industry's product markedly has export orientation and reaches up to 90% of the industrial exports in some less developed countries such as Bangladesh, Laos, Pakistan, Sri Lanka, employs up to 50% of the population in countries such as Tunisia, Morocco, Turkey. The leading position in the export of textile and clothing is held by China – the largest supplier of clothing and textiles in the EU, Turkey and Bangladesh follow. According to the Euratex (the European Apparel and Textile Confederation), following China, the European Union is the second largest exporter of textiles and clothing – with 22% and 25% shares of the world exports respectively. The EU has over 110000 operating textiles and clothing companies. They employ about 2.1 million people and have a turnover of about 200 billion euros. *ebpo*. Portugal, Greece, Italy, Spain and Belgium have the highest specialization in the production of apparel. The Nordic countries are specialized mainly in the production of textiles. The largest markets in the EU for clothing and textile products are Italy, Britain, France, Germany and Spain.

In Bulgaria, in the past few years there has been a trend toward establishments in the same industry incorporating their activities and resources. Table 1 gives a summary on the sector's present state at national level, according to the data in the TCBO's analytical report written in 2015. The main economic indicators for the dynamics of the industry - the index of industrial production and the turnover index - show a slowdown in the recent years. The number of the companies and employment have been decreasing. There has been a territorial concentration of production. The sector has been export-oriented. The largest markets (exports) for Bulgaria are Germany, Italy, Greece, France, Britain and Turkey. Various kinds of textiles is the group that holds the largest share in the import of textile and apparel. The most intense import is from Italy, Belgium, Germany, Turkey and China. The manufacture of clothing sub-sector has a significantly greater weight (80%) than that of the textile production (20%). Micro, small and medium-sized enterprises prevail. Most of the production is done with client-supplied materials. The producers offer a relatively limited range of garments (suits, jackets, trousers, jumpers, shirts, coats, etc.). A characteristic of the businesses is that they invest less in technological renovation and modernization than the average indicators show for the rest European countries. The sector is characterized by fluctuation of labour and low qualification, shortage of specialists - technologists, machine operators, supervisors, marketing experts. The potential of the 54 vocational secondary schools that have to prepare skilled personnel for the industry is greatly underutilized; there is a discrepancy between the industry's requirements for the students' qualification and the curricula, the courses and their practical implementation. Consumer expectations on both global and domestic scale are changing rapidly, and the result is that fashion trends spread fast and collections are renewed all the time.

**Table 1. State of the industry in Bulgaria**

	<b>Sector: Production of textile and textile articles, without clothing (C-13)</b>	<b>Sector: Manufacture of clothing (C 14)</b>
<b>Total output for 2014:</b>	Total worth: 774.5 million. BGN  Foreign markets: 590 million. BGN (about 77% of total production)	Total: 2.38 billion BGN  Foreign markets: 1.77 billion BGN (75% of the total production)

	2013 – 1% of the industrial production; 2% added value in the industry;  2014 – 2% of the industrial production; 7% added value in the industry.	According to the data from the Ministry of Economy, the manufacture of clothing (c-14) form 5% of the total and 4% of the added value of the domestic industrial product.
<b>Number of businesses:</b>	2011 – 720 businesses  2014 – 584 businesses  (19% less compared to 2011)	2011 – 5701 businesses  2014 – 4494 businesses  (21% less compared to 2011)
<b>Employment:</b>	2011 – 23 thousand people  2013 – 11.4 thousand people  2014 - 11.1 thousand people (2% of all the people employed in the manufacturing industry)	2014 103.3 thousand people (20% of all the people employed in the manufacturing industry)
<b>Industrial production index:<sup>1</sup></b>	2013 +14%  2014 +7.4%	2013 +5%  2014 – 0.2%
<b>Turnover index :</b>	2013 +15%  2014 +3%	2013 +10%  2014 - 4%
<b>Concentration of production:</b>	The largest percentage of those employed in the sector falls on the South-East planning region, followed by the Central South and South-West regions.	54.1% of the production is concentrated in the districts of Blagoevgrad, Plovdiv, Sofia-City and Haskovo.
<b>Main export markets:</b>	Italy, the UK, Germany, Turkey and Greece. 51.4% of the sector's businesses are located in the districts of Sofia-City, Plovdiv, Haskovo, Gabrovo and Varna. The leading positions in export of textile merchandise are taken by worsted wool, yarns of synthetic staple fibres, bed linen, tablecloths and table napkins, etc.	The sector holds a share of 7.6% of the country's export. The main export destinations are Germany, Italy, Greece, France and the United Kingdom. Women's and men's suits, ensembles, jackets, trousers, etc. have the largest share in the export of clothing. There has been a drop in the export of outer sportswear, men's and boys' suits and coats, capes, anoraks, men's and boys' blousons.

*Data source: Current state of the textile and clothing sector in the Blagoevgrad - Kyustendil region (Analytical report), 2015*



The production and the sale of textiles and clothing involves various operations from production of raw materials to manufacture of a wide range of semi-finished and finished products. The quality of the merchandise greatly depends not only on the production technologies and labour qualification, but also on existing partnerships, both within and outside the sector.

The estimation of the current position of the textile and clothing companies in the cross-border region below has been done in several directions: the state of the companies, their labour, markets, competitors, relations with suppliers and governmental policy for the growth of the sector.

## 4.1 State of the companies

### *Establishment, year*

In terms of business sustainability, among the surveyed, there are companies with established market position and many years of market presence. Half of the respondents indicate their business was established prior to 2000, the other half – in the years between 2001 and 2010. No recent companies established after 2010 are included in the study.

### *Business model*

The main operation of the sector in the region is work done with client-supplied materials. Approximately 30% of the respondents indicate that work with client's materials comprises 100% of the company manufacture and nearly as many estimate this share to be 70% to 90% of their production. At 70% of the companies, the CMT operation is over 60% of total production. Nearly 40% of the companies still have not started to work CMT with own accessory materials, and over 70% of companies do not produce finished products, do not make merchandise with own designs and seller's label, do not establish own brands. All the shares in the total regional production are shown in Table 2.

Table2: Share of type of production

	0%	5%	10%	20%	30%	40%	50%	60%	65%	70%	80%	85%	90%	100%	No answer
Production CMT with client's materials	14%	0%	0%	0%	5%	5%	5%	10%	5%	5%	5%	5%	14%	29%	0%
Client's work CMT with own accessory materials	38%	5%	24%	10%	10%	5%	5%	0%	0%	0%	0%	0%	5%	0%	0%
Ready-to-wear product	76%	0%	10%	5%	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%
Own design with buyer's label	76%	10%	5%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	5%
Own brand	71%	5%	5%	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%	5%	5%

Work done for a client (cut, make and trim) is the prevailing business model, but there are also examples of own production with a higher added value. A CMT job is when a foreign client supplies materials, designs, know-how, etc. This allows operation without own stock and working capital, provides smoothness and a rhythmic production, adoption of know-how in terms of

technology, design, marketing, production of large amounts of merchandise, utilization of production capacity, however, because of the low added value, the profit is the lowest of all other business models. The lack of own and collective brands, as well as underdeveloped operations that add value, make the companies of the region highly dependent on foreign clients. Another risk for the companies in the region is that they keep a small range of articles, added to a bad image created by the media reporting about foreign investors' trade on them. A possible remedy in such cases is vertical and horizontal cooperation of the companies so that they can undertake larger foreign orders, maintain wider and deeper range of articles and advertise collectively. A challenging operation that might be of interest to both the international and local markets is the advance of craft industry and the make of 'boutique' series that bear cultural and social characteristics of the two countries and the region as a whole.

Both the Bulgarian and Macedonian companies in the sector can produce small series of articles at generally accepted prices, have a well-organized logistic system and transport to European markets. It is characteristic of the peripheral and less developed European countries that they tend to orientate towards labour-intensive operations and one of these is the textile and clothing industry. The development of labour-intensive industries, including textile and clothing industry, do not take significant investment and complexity of production organization, especially in operations with subcontractors.

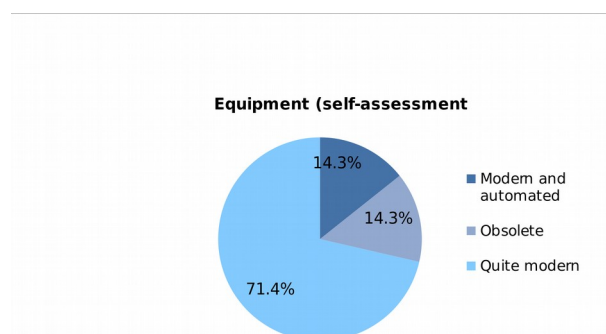
### *Capital*

Most of the textile and clothing companies in the region operate as a family business with 100% private capital. This is confirmed by the answers to the questionnaire. Although this study does not go into other forms, there are also companies that rely on affiliate relationships or operate as joint ventures with local and/or foreign capital. The prevailing legal forms of establishments are EOOD /sole member limited liability company/ (52.4%) and OOD /limited liability company/ (19.0%). Joint stock companies are not particularly specific to the textile and clothing industry in the region (4.8%).

### *Equipment*

Some textile companies use modern equipment and technology, but as a rule, those with foreign capital are better equipped and more efficient, hence more competitive than the local ones. 71.4% of the managers of the participating in the study companies assess their equipment 'quite modern' and 14.3% consider it 'modern and automated' or 'obsolete' respectively.

Chart 1. Equipment

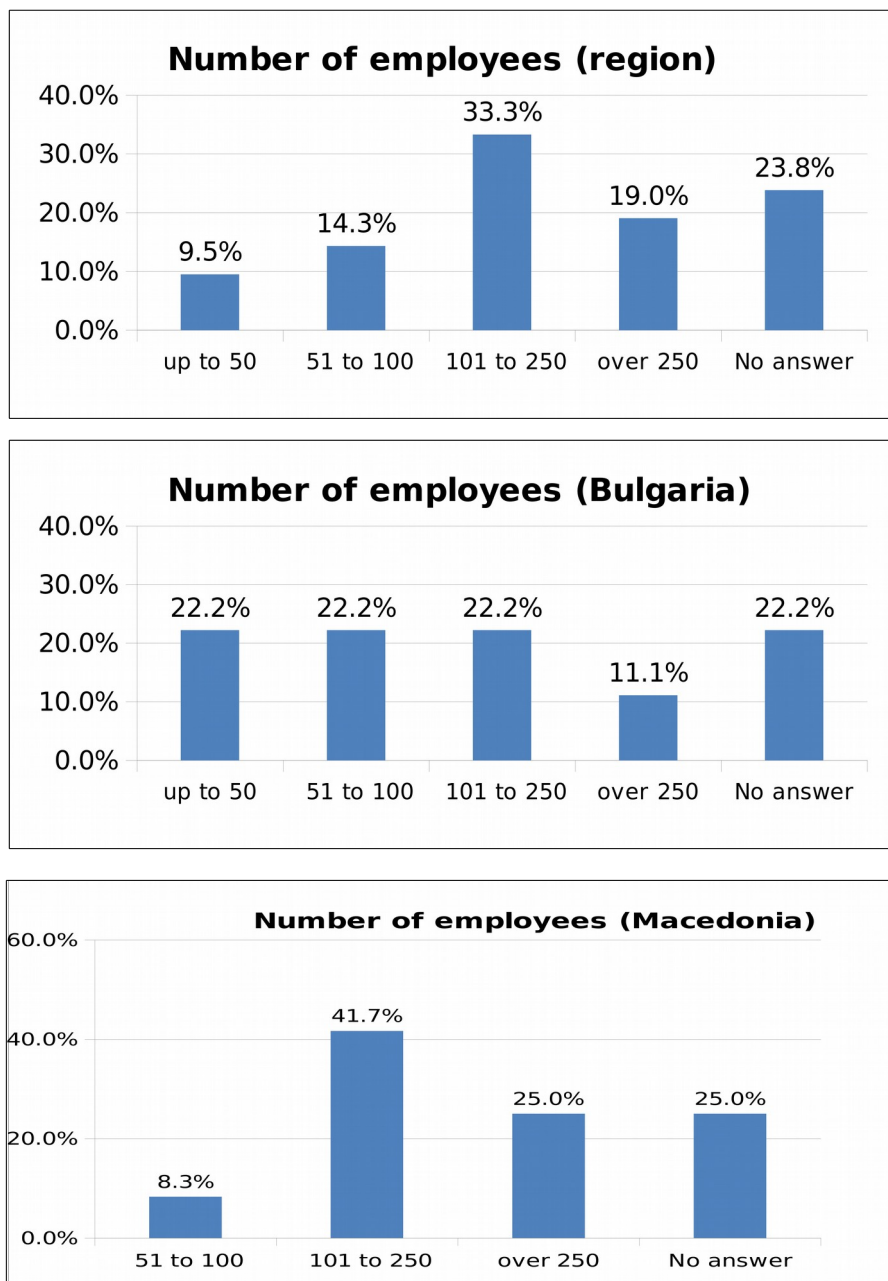




### Size of companies

Micro to large companies operate in the Bulgaria-Macedonia cross-border region. Among the surveyed companies predominate those of medium-size (47.6%). On the Bulgarian side most of the surveyed companies are small and medium-size, on the Macedonian side – most of them are medium-size and large.

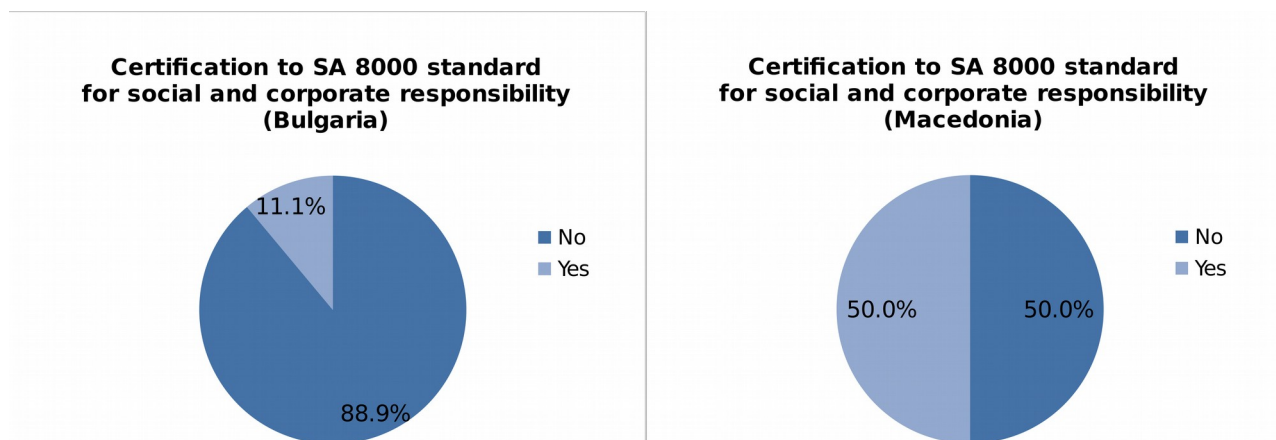
Chart 2. Size of companies



### *Certificates*

About 33% of the companies hold Social Accountability 8000 certificates (SA8000) in for social and corporate responsibility. On a comparative basis between the two countries (Chart 3), the number of the Macedonian businesses that hold such certificates is greater (50%) than that of the companies in Bulgaria (11%).

Chart 3. Certification

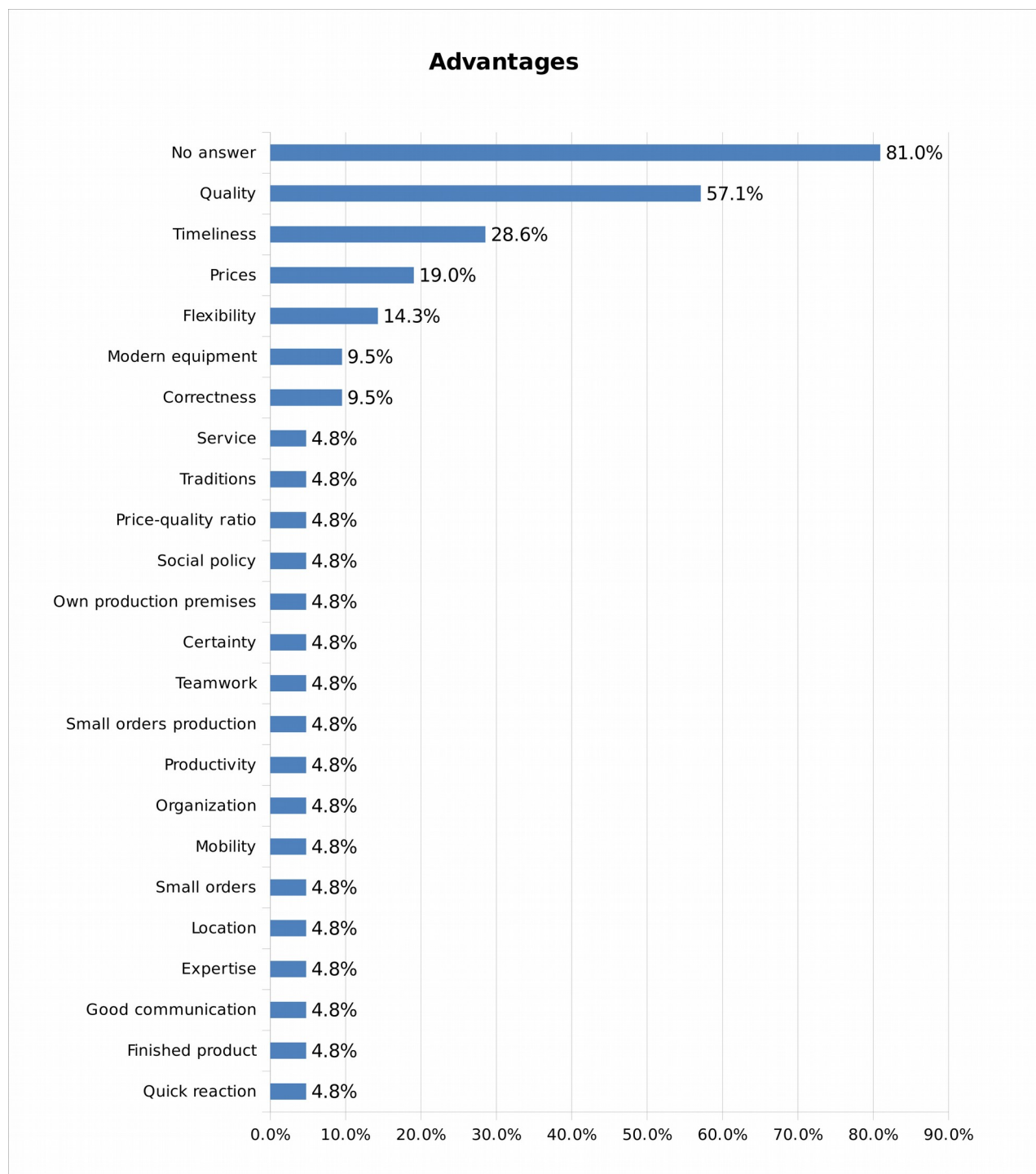


The most common certificate is BSCI but apart from it, the Macedonian companies firms report SEDEX, FARE WEAR certification as against only one Bulgarian company communicating ISO 9001:2008 Quality Management and OHSAS 18001:2007 Occupational health and safety management system certification. About 20% of the companies in the region to explain the reason for the lack of certificates with the lack of information about the way the possibilities of obtaining these certificates, as well as the long-term benefits of their owners, and approximately 24%-with the high cost of certification. Among the Bulgarian managers, there are ones who do not consider such certificates necessary. Certification is perceived as necessary only when it has been specified as one of buyers' primary requirements.

### *Advantages*

Business competitiveness is greatly determined by companies' ability to clearly identify and communicate their competitive advantages. According to the data of the survey, most of the representatives of the companies in the region do not answer the question, "What are your three greatest strengths?". Those who answer point out strengths as 'quality', 'observation of deadlines', 'reasonable pricing' and 'flexibility'.

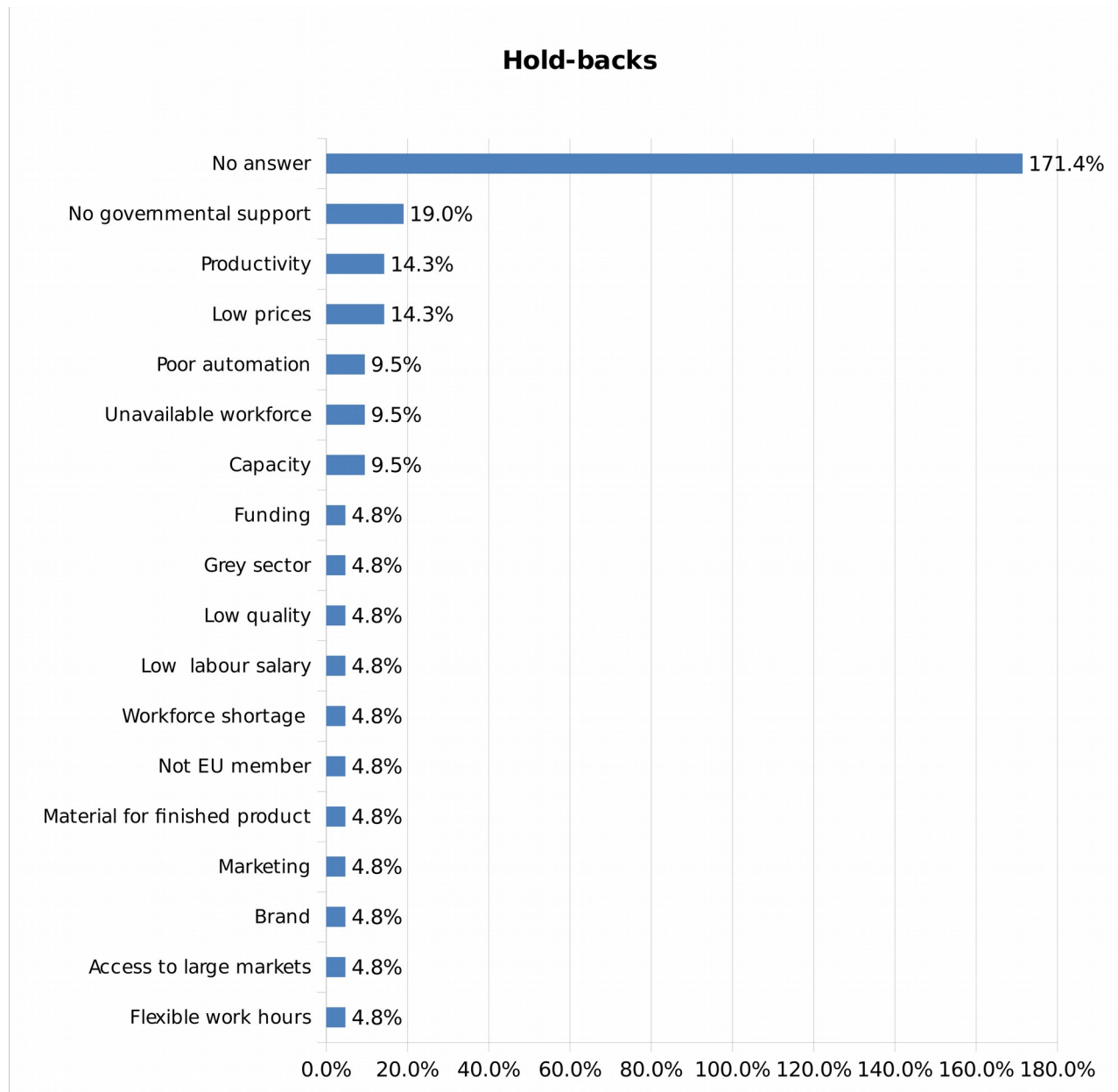
Chart 4. Advantages



### Hold-backs

The question about the obstacles faced by the local firms and these of the competing enterprises abroad again remains unanswered. Among the respondents, those who reason lack of governmental support, low productivity and low market prices comprise the biggest share.

Chart 5. Hold-backs



### Possible risks

Possible risks to the development prospects of textile and clothing enterprises in the region are connected mostly with the lack of qualified labour and migration of the labour force, the products' low market prices, the sector's bad image and poorly automated production process.

Chart 6. Possible risks





### *Publicity*

Among the main factors given as a reason for the low competitiveness of the companies in the region are 'the media-created bad image' and limited publicity. The present condition is in a way nourished by the business inactiveness in this direction. In modern market relations, transparency and continuous access to information is a must for any company, no matter whom it serves - end clients or other businesses. An essential instrument for this purpose is a company website. The companies in the region, however, as a whole, do not meet this criterion – 66.0% of the respondents indicate that they have no company website. The distribution of the answers given by the Bulgarian and Macedonian participants is identical.

## **4.2 State of the workforce**

### *Employment*

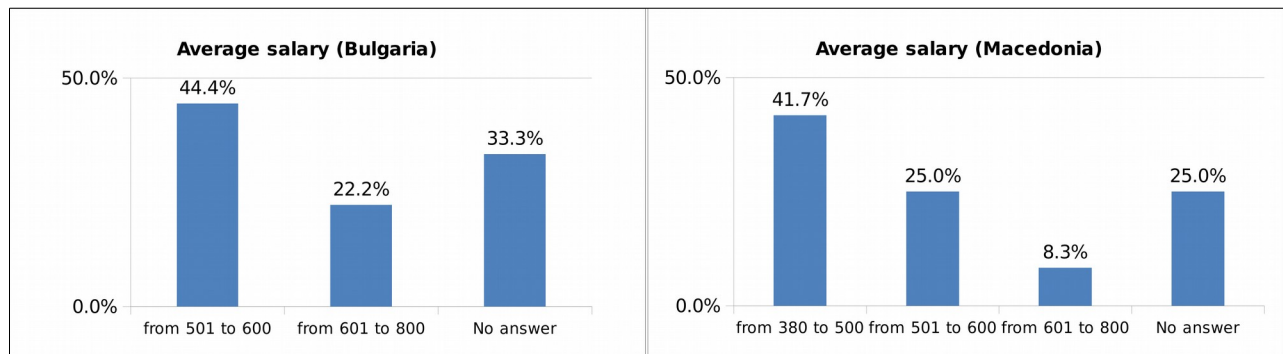
Both the companies in Bulgaria and in Macedonia have been taking more and more efforts to hire highly qualified employees, managers, capable to organize the whole production process, young engineers and technicians, designers to create original designs, marketing specialists to study/establish markets and to coordinate the creation of brands tailored to the requirements of the target markets. The level of unemployment in both countries is still high, the labour force is disengaged and not motivated enough to work in this labour-intensive industry and to increase their qualification and productivity. As a result, the sector's companies are facing shortage of labour. The reasons for the lack of motivation are numerous: labour-intensive industry, average pay considering the living standard, educational courses that disagree with the actual situation and needs of the business (a gap between theory and practice), 'getting in the way' of older personnel when training new employees in place, unprestigious and unattractive job even if relatively well paid. In addition to the shortage of employees, the sector is characterized by a high rate of staff turnover and ageing of highly qualified executive and middle management. In this regard, the sector is experiencing acute need to change the public opinion and attitude towards the industry, its attractiveness, working conditions and career advance.

### *Salary*

An increase of the salaries in the sector will be a major factor for sustainable attraction of skilled workforce and that, in return, could increase the productivity and the competitiveness of the industry. The average salaries in the region at present range from 380 to 800 BGN (160 to 400 EUR). The data in the survey show that, in general, the salaries in the Republic of Bulgaria are higher than those in the Republic of Macedonia. About 47% of the Bulgarian companies pay an average salary of 500 to 800 BGN (250 to 400 EUR), 42% of the Macedonian companies pay from 380 to 500 BGN (160 to 250 EUR). A greater percentage of the employers in the region assess the average wage as normal (57%) to low (33%). From the employees' point of view, however, a salary of 500-600 BGN is 'not worth the effort'. A negligible number of managers consider the average salary high. The companies report a trend towards salary increase in the recent years.



Chart7. Sector's average salary (BGN)



According to the companies' managers, the relatively lower salary is the result from by adverse factors as: low productivity, detached personnel, general atmosphere of futurelessness, costly production, tax burdens, industry's bad image. These managers think that this can be corrected by increasing the productivity and workforce qualification, automation of production processes, subsidies from the government.

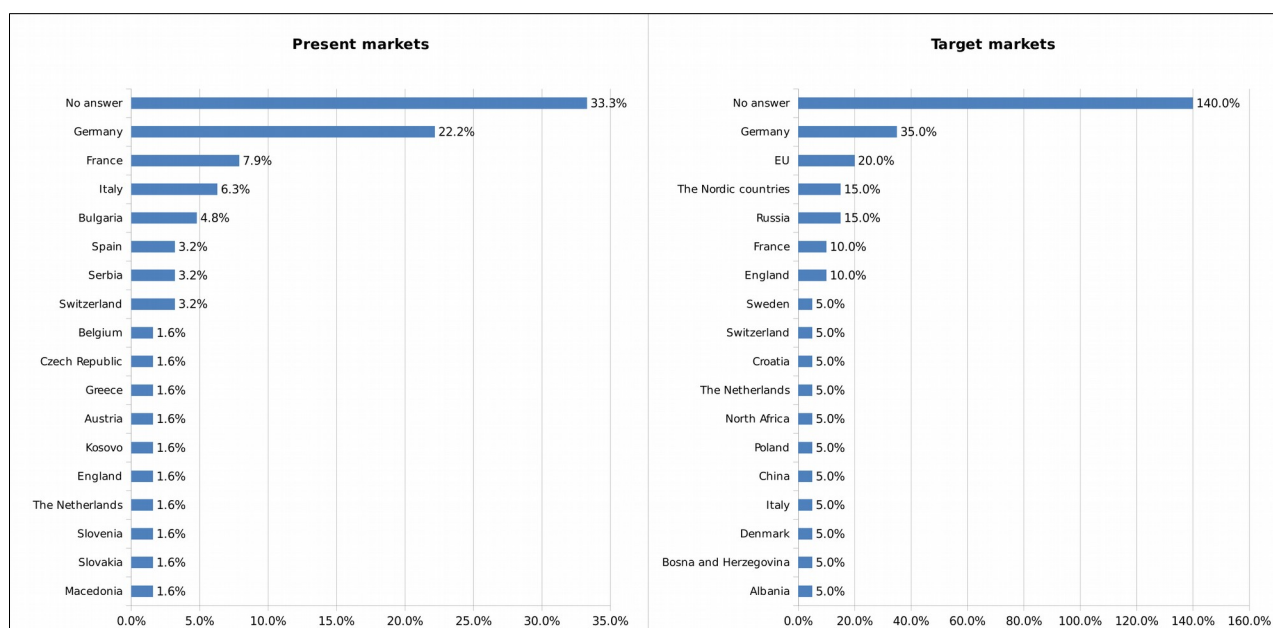
#### *Yearly investments in staff qualification*

Staff training takes the highest share of the investments for workforce development, but a relatively small number of companies allot funds for this (28.6%). About 19.0% of companies spend money on educational trips. The companies in the region do not allot funds for training scholarships or secondary vocational education, they do not specify other investment directions in which they would increase their employees' qualifications, either.

### 4.3. State of the markets

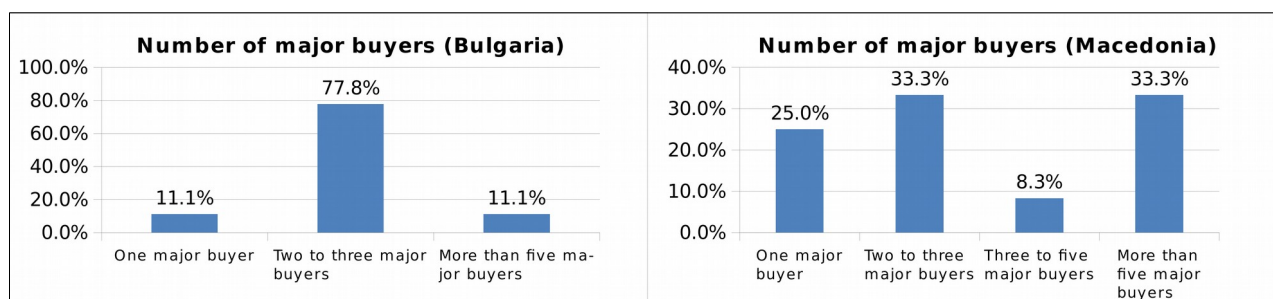
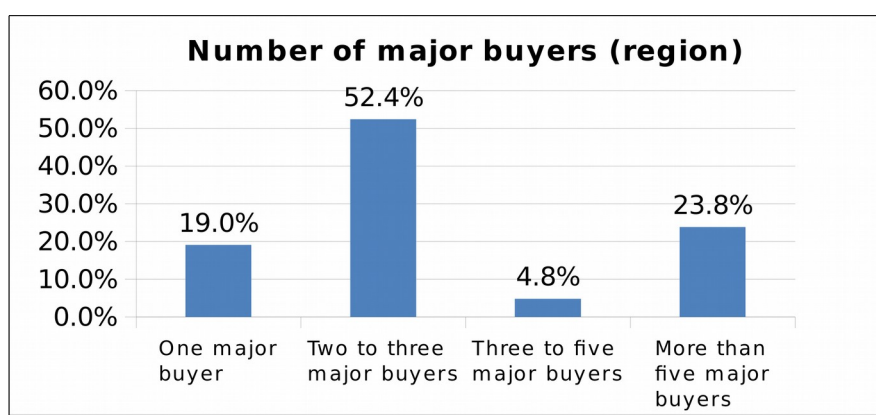
The data from the survey indicate that the companies' managers (33%) who are reluctant to share information about the markets where they operate comprise the greatest share. The information from those who respond outline the region's dependence as a whole from one major market – Germany (22%) and a few minor markets - France, Italy, Bulgaria. A negligible share of companies export products to other countries (Chart 8). In terms of target markets, it is clear that the companies in the region have been orientating towards the Nordic countries and Russia. To ensure access to as well as to establish target markets, the companies in the region almost equally rely on both own activities (65.0%) and collective operations – through B2B meetings and promotional stands at fairs (65.0%). The sum of the percentages exceed 100 as part of the respondents give more than one answer.

Chart 8 : Present and target markets



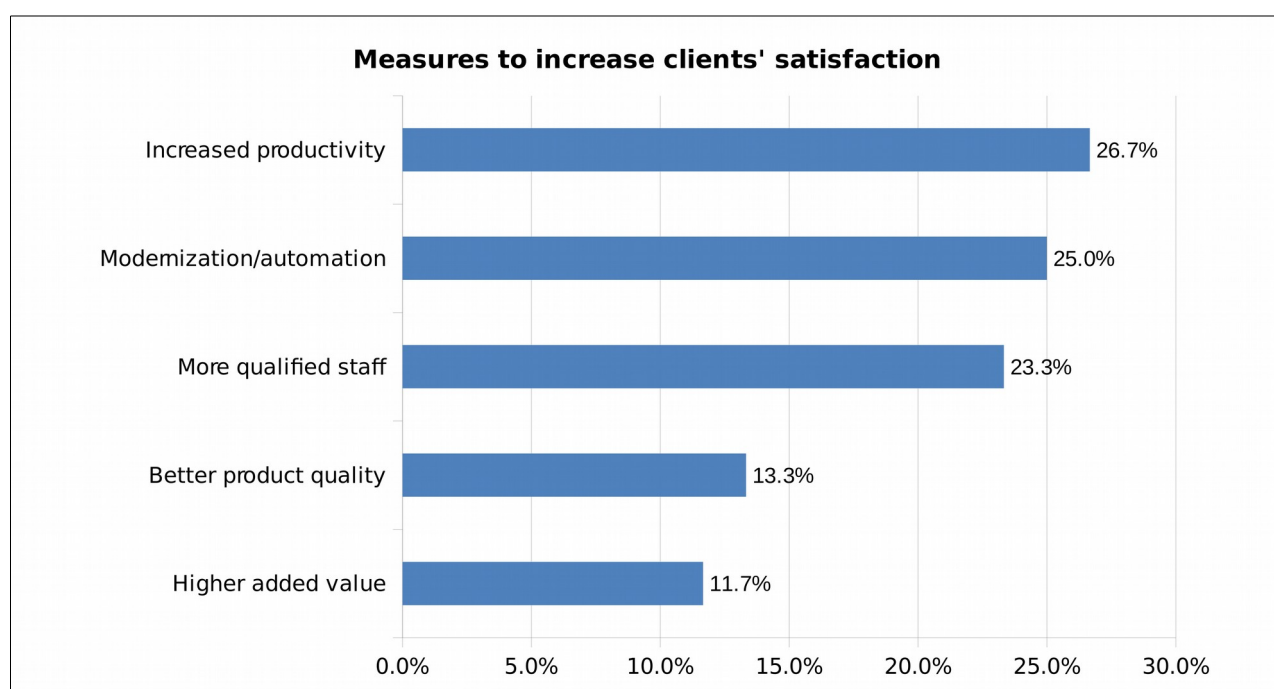
Most of the companies in the region are working with a limited number of buyers which puts them in dependency and weak contractual party (Graph 9).

Chart 9: Number of major buyers of sector's companies



The representatives of the textile and clothing business in the region, as a whole, still do not agree that a higher-value-added production would be a workable measure to satisfy clients' expectations better and bring mutual benefit. The businesses rely mainly on the increase of productivity, modernization and automation of the production process, as well as improvement of the staff quality (Graph 10).

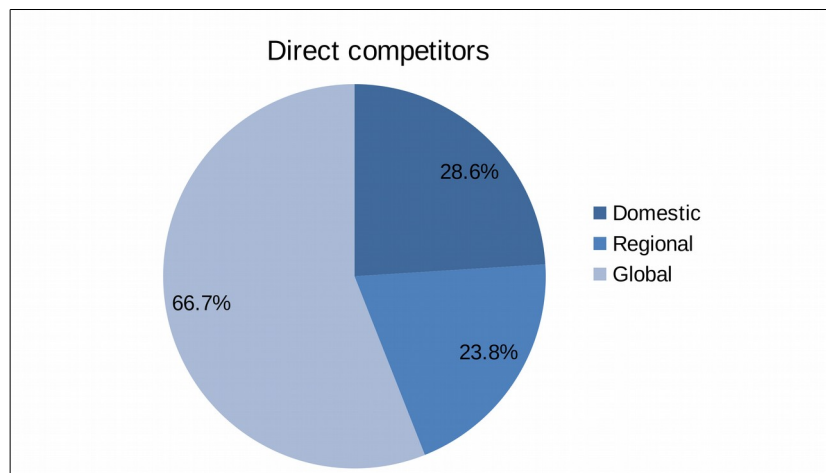
Chart 10. Measures to increase clients' satisfaction



#### 4.4. State of the competition

The regional companies' behaviour is evidence for good relations and cooperative attitude in the sector in several directions: (1) to undertake larger orders that surpass the capacity of a single company; (2) to develop and establish collective trade brands; (3) to defend the interests of business before the State, customers, suppliers and unfair competitors. Unfair competition is mainly tunnelled through smuggling of Chinese and Turkish clothing. Chart 11 shows the regional executives' assessment of the sources of direct competition. Clearly, the competitors at global level are the main threat.

Chart 11 : Direct competitors



Over 85.0% of the respondents indicate that cooperation between companies in the Macedonia - Bulgaria cross-border region is realistic and that the joint project for these to step on third markets will give them an advantage in comparison with the rest countries in the region.

#### 4.5. State of the relations with suppliers

According to the information provided in the 2015 analytical report “Condition of the textiles and clothing sector in Blagoevgrad -Kyustendil region”, the Bulgarian clothing manufacturers provide their source materials from: one quarter from EU member-states; one quarter from Turkey; about one-tenth from Asian countries and Bulgaria; about one third from other countries. Given that the companies mainly operate CMT, there are no particular problems in regard to the quality of materials and supplies timeliness. Those companies that make own product point out the costly transportation as a problem, the high costs arising because of the small volume of the imported materials. There is a shortage of local materials.

#### 4.6 State policy for the development of the sector

The export strategy for the “Production of textiles and textile products” sector of the Executive Agency for Promotion of Small and Medium-Sized Enterprises by the year 2012, page 4, says: “The Bulgarian State, in the person of the AGENCY, the Ministry of Economics, energy and tourism and other government institutions find the SME sector as particularly sensitive and at the same time, critical for the economics and should be paid special attention (2012)”. Despite this and other similar recommendations, the actual attitude of the State towards the textiles and clothing industry is negative to impartial, which can be explained by the fact that the sector operates at a very low rate of added value. According to the representatives of the industry, as a whole, the State has no policy for the sector – little is done to fight the unfair competition, thriving through smuggling of textiles and ready-to-wear; the State does not ensure sufficient workforce for the sector (secondary education) and does not prepare qualified engineering professionals for the industry (higher

education); there is no clear social and employment policy for the industry. The representatives of the industry see grounds to ask the State for more support in the following:

- The sector has already 'come to light';
- Most of the corrupt practices of some foreign investors (non-payment of social security contributions, non-payment of overtime, excessive workload against low wages, etc.) are now overcome;
- The weight of the sector in the gross domestic product and the value added have remained the same despite the fall of employment and number of enterprises;
- The sector works for world famous brands like (Hugo Boss, Kenzo, Lacoste, Armani, Cerruti, Escada, Joop, etc.) and that raises its international prestige.
- The export of products to major markets with traditions in the production of high-quality textiles and garments such as Germany, Italy, France is acknowledgement of the quality of Bulgarian production.

The following are the main areas in which the regional companies need governmental support and it is necessary that:

#### 1. Customs regulations:

- Import of raw materials that are not locally produced be exempt from duties and taxes;
- Import of fabrics from Pakistan, China, India in the Republic of Macedonia be freed from customs duty;
- Illegal import of fabrics from Turkey be stopped.

#### 2. Labor relations:

- The Labour Code be updated as it puts the employers into unfavourable position in relation to employees;
- More favourable terms for hire and fire of personnel be established;
- Labour from foreign countries be allowed;
- Feasible solutions on the branch's proposals be given;
- The grey sector be regulated;
- Tax incentives for the industry be introduced to allow increase of salaries;
- The incentives for promotion of foreign investments be abolished so that foreign companies work in the same market conditions as the local companies. This will ease up the “leakage” of employees from local to foreign companies;



- The number of holidays be reduced as it affects the production process negatively;
- Conditions for preparation of qualified staff be created.

### 3. Other issues:

- Administrative services be normalized, especially in the part of issuance building permits, land urbanization, etc.

### Justification for governmental support:

- The labour-intensive nature of the textile industry and the opportunities it provides for growth of less developed areas with relatively small investments for premises, equipment and labour;
- Implementation of the State's social function through an active policy for promoting regional employment and living standards;
- The financial sources, including loans from commercial banks and own capital, are insufficient when only working with client's materials and low rate of profit.

## 5. VISION FOR DEVELOPMENT OF THE REGION

When defining the mission and vision for development of the region, the “bottom-up” approach was used, according to which the parties that are to implement the strategic document have to be involved in the process of its development. The ideas for development of regional Textiles and Clothing are collected formally through joint meetings, interest groups, surveys, social networks, and more. Unlike the 'top-down' approach where the main strategic elements of the mission and vision are defined by the management by transforming them into quantitative objectives and then developing a strategy for achieving the same, the participants in the 'bottom-up' approach perceive the achievement as their own. Thus, the chances for the successful completion of the mission and vision for the region are bigger.

The vision for the development of the region is a strategic document according to which in the next 5-10 years the region should be well distinguished from other regions in Europe, by identifying key elements of differentiation and specifying the role and responsibilities of each interested party. At the end of the session, the participants in the iteration process for defining the vision of the region agree on the following:

**A regional cluster features recognizable, branded and innovative products, has high technology and modern production, developed infrastructure and provides opportunities to employees to exercise a prestigious profession.**

According to the vision for development of the region, the three most important elements of differentiation that distinguish the region from all other regions in Europe and outside it are:



*(1) Proximity to West European markets which allows the regional manufacturers to offer high flexibility of production, short time for sewing, fast delivery and adaptiveness to clients' specific requirements.*

*(2) Good image of local producers and traditional presence on EU markets.*

*(3) Highly qualified and experienced personnel and efficiency in terms of labour costs.*

## **6. ANALYSIS OF DISCREPANCIES (GAP ANALYSIS)**

Gap analysis is an approach used to define the objectives companies should implement in order to move from their present to the desired market state. This approach is a suitable basis for development of strategies and tactical plans for the realization of the vision of development and achievement of long-term goals.

POSITIVE SIDES OF THE PRESENT STATE	NEGATIVE SIDES OF THE PRESENT STATE (RISK)	DESIRED STATE
<i>State of the sector</i>		
<ul style="list-style-type: none"> <li>It is a major industry that provides employment for the local population;</li> <li>The many-year market presence of some of the companies is a sign of established traditions in the production and sustainability;</li> <li>Privately owned capital and completely free entrepreneurial initiative;</li> <li>Local businesses prevail hence they are independent to a certain extent;</li> <li>Relatively business-friendly infrastructure especially in the detached commercial zones.</li> </ul>	<ul style="list-style-type: none"> <li>Difficult and slow restructure of the sector due to the lack of a long-term vision;</li> <li>Many companies have gone out of business in the recent years, none have started to operate;</li> <li>With the business being predominantly local, the influx of funds and know-how from abroad is limited.</li> </ul>	<ul style="list-style-type: none"> <li>The sector is well structured with functional business networks;</li> <li>Horizontal and vertical integration of a great number of market participants, specialized in different productions;</li> <li>More companies of mixed type.</li> </ul>
<i>Business model</i>	<i>Business model</i>	<i>Business model</i>
<ul style="list-style-type: none"> <li>Operation with client's materials CMT provides larger volumes of production, smoothness and rhythmic of production;</li> <li>Albeit at a slow pace, the companies are</li> </ul>	<ul style="list-style-type: none"> <li>Operation with client's material CMT does not build up competitiveness of the sector;</li> <li>Operation with client's material CMT makes low</li> </ul>	<ul style="list-style-type: none"> <li>Recognizable, branded and innovative products;</li> <li>Orientation towards the products of higher added value and region</li> </ul>

<p>beginning to organize their operation in the direction of higher value added production – CMT with own accessories, finished products, products of own design and label, own brands;</p> <ul style="list-style-type: none"> <li>• Optional production of small series;</li> <li>• Specialization in labour-intensive activities;</li> <li>• Flexibility and fast deliveries;</li> <li>• Good quality and professionalism;</li> <li>• Readiness to adapt to clients' requirements;</li> <li>• Accepting orders for make and delivery in short deadlines;</li> <li>• Well organized logistical network;</li> <li>• Introduction of seamless technology;</li> </ul>	<p>profit;</p> <ul style="list-style-type: none"> <li>• Operation with client's material CMT makes the companies heavily dependent on foreign buyers;</li> <li>• A base price offer - lack of originality and appreciation of a product's quality;</li> <li>• Products of higher added value have a very small share;</li> </ul>	<p>distinctive – own and collective trade marks;</p> <ul style="list-style-type: none"> <li>• Cooperation of the companies vertically and horizontally;</li> <li>• Higher profits and remuneration for labour-intensive activities;</li> <li>• Better opportunities for production of small series in comparison with the competitors in the East (there is a market trend toward it);</li> </ul>
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<i>Equipment</i> <ul style="list-style-type: none"> <li>Fairly modern equipment of companies.</li> </ul>	<i>Equipment</i> <ul style="list-style-type: none"> <li>Companies' equipment is not the up-to-date forms of modernization and automation;</li> <li>Low level of energy efficiency of processes and buildings;</li> </ul>	<i>Equipment</i> <ul style="list-style-type: none"> <li>High technology and modern production with developed infrastructure.</li> </ul>
<i>Certificates</i> <ul style="list-style-type: none"> <li>Although few, there are companies that are certified for variety of standards.</li> </ul>	<i>Certificates</i> <ul style="list-style-type: none"> <li>The majority of the companies do not hold certificates, due to lack of information, funds or due to the conviction that such certificates are not necessary.</li> </ul>	<i>Certificates</i> <ul style="list-style-type: none"> <li>Certification in accordance with clients' demands and generally accepted quality standards.</li> </ul>
<i>Advantages</i> <ul style="list-style-type: none"> <li>Those who answer point out strengths as 'quality', 'observation of deadlines', 'reasonable pricing' and 'flexibility'.</li> </ul>	<i>Advantages</i> <ul style="list-style-type: none"> <li>The majority of the companies' representatives are either unable to define their advantages or refuse to share them.</li> </ul>	<i>Advantages</i> <ul style="list-style-type: none"> <li>Identified and recognizable by the target groups competitive advantages of certain companies and of the region as a whole.</li> </ul>
<i>Hold-backs</i>	<i>Hold-backs</i> <ul style="list-style-type: none"> <li>Lack of qualified workforce and migration of labour;</li> <li>Low prices of production;</li> <li>Sector's bad image;</li> </ul>	<i>Hold-backs</i> <ul style="list-style-type: none"> <li>Qualified labour;</li> <li>High prices of production;</li> <li>Sector's good image;</li> </ul>

	<ul style="list-style-type: none"> <li>• Production process is not automated enough.</li> </ul>	<ul style="list-style-type: none"> <li>• Modern and automated production process.</li> </ul>
<i>Publicity</i>	<i>Publicity</i> <ul style="list-style-type: none"> <li>• “Media-created bad image”;</li> <li>• Limited publicity caused by the companies themselves.</li> </ul>	<i>Publicity</i> <ul style="list-style-type: none"> <li>• Good image of the sector in the media, hence, among target audience;</li> <li>• Transparency and active publicity at a company, regional and cluster level and at regional brand level.</li> </ul>
<b><i>State of the workforce</i></b>		
<i>Employment</i> <ul style="list-style-type: none"> <li>• Qualified and experienced staff at hand.</li> </ul>	<i>Employment</i> <ul style="list-style-type: none"> <li>• Sharp drop in employment after 2011;</li> <li>• Low productivity;</li> <li>• Insufficient qualification of middle management;</li> <li>• Insufficient knowledge and skills to organize the manufacturing process;</li> <li>• Shortage of qualified employees with special skills;</li> <li>• Unemployed but unmotivated workforce;</li> <li>• High rate of staff turnover;</li> </ul>	<i>Employment</i> <ul style="list-style-type: none"> <li>• Opportunities to exercise a prestigious profession;</li> <li>• Qualified employees with special skills;</li> <li>• Motivated employees;</li> <li>• Low rate of staff turnover;</li> <li>• Fresh workforce and continuity of experience.</li> </ul>

	<ul style="list-style-type: none"> <li>• With the opening of borders, loss of potential workers who decide to migrate to the EU countries;</li> <li>• Aging of highly qualified executive and middle management.</li> </ul>	
<i>Salary</i> <ul style="list-style-type: none"> <li>• Tendency towards increase of salaries in the sector;</li> <li>• Salaries according to the price/quality ratio.</li> </ul>	<i>Salary</i> <ul style="list-style-type: none"> <li>• Prevalent percentage of employers assess the average salary as normal to low;</li> <li>• From employees' point of view, however, a salary of 500-600 BGN is 'not worth working for'.</li> </ul>	<i>Salary</i> <ul style="list-style-type: none"> <li>• Increased salaries, the result of higher return on investments;</li> <li>• Fair pay from both employees' and executives' point of view;</li> <li>• Interested personnel of high productivity and self-esteem for exercising perspective and reputable profession.</li> </ul>
<i>Staff development</i> <ul style="list-style-type: none"> <li>• Educational institutions with training programmes in the field of textiles and clothing available;</li> <li>• Qualified and experienced staff to pass on their experience and knowledge;</li> </ul>	<i>Staff development</i> <ul style="list-style-type: none"> <li>• A few companies allot funds for staff training and/or educational trips;</li> <li>• The companies do not allot funds for training scholarships or secondary vocational education, they do not specify other investment directions in order to increase their employees' qualifications, either;</li> </ul>	<i>Staff development</i> <ul style="list-style-type: none"> <li>• Organized programmes for staff training and qualification;</li> <li>• Engagement of the best professionals and ideas;</li> <li>• Establishment of a system for 'on the</li> </ul>



	<ul style="list-style-type: none"> <li>• Insufficient investment in workplace protection and safety and healthy working conditions;</li> <li>• Underdeveloped research and innovation activities in the sector;</li> <li>• The educational system does not respond adequately to the needs of the business;</li> <li>• The business itself does not provide enough adequate training to the workers;</li> <li>• Lack of continuity – insufficient motivation among the younger generation;</li> <li>• Poor managerial skills.</li> </ul>	<p>spot' training in the companies;</p> <ul style="list-style-type: none"> <li>• Career development programs;</li> <li>• Updated curriculum of educational institutions in accordance with the needs of the business.</li> </ul>
<i>State of the markets</i>		
<ul style="list-style-type: none"> <li>• The Nordic countries and Russia have been identified as potential markets ;</li> <li>• To ensure access to as well as to establish target markets, the companies in the region almost equally rely on both own activities and collective operations – through B2B meetings and promotional stands at fairs.</li> </ul>	<ul style="list-style-type: none"> <li>• A great many of the companies' managers are reluctant to share information about the markets where they operate;</li> <li>• Clear dependence of the region as a whole on one major market – Germany and a few minor markets - France, Italy, Bulgaria.</li> <li>• Work with a limited number of buyers putting the manufacturers in dependency and making them weak contractual party;</li> </ul>	<ul style="list-style-type: none"> <li>• Generally, more and larger international markets for both individual companies and the companies as a cluster.</li> <li>• Restitution of Russian markets and expanding presence on European markets.</li> </ul>

	<ul style="list-style-type: none"> <li>• Dependence on a few key customers;</li> <li>• Not many trade exhibitions and business meetings;</li> <li>• Illegal import of textiles from the East;</li> <li>• Continuous shrink of the domestic market due to the influx of global brands which makes the industry highly dependent on foreign customers - dependency on international markets and loss of domestic markets.</li> </ul>	
<b><i>State of the competition</i></b>		
<ul style="list-style-type: none"> <li>• Good relations and cooperative attitude in several directions in order to: (1) undertake larger orders that surpass the capacity of a single company; (2) develop and establish collective trade brands; (3) defend the interests of business before the State, customers, suppliers and unfair competitors.</li> </ul>	<ul style="list-style-type: none"> <li>• Unfair competition is mainly tunneled through &lt;t0/&gt; smuggling of Chinese and Turkish clothing.</li> <li>• Competitors at global level are the main threat.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited unfair competition;</li> <li>• Discontinuation of illegal import;</li> <li>• Surmounting global competition.</li> </ul>
<b><i>State of the relations with suppliers</i></b>		

<ul style="list-style-type: none"> <li>Given that the companies mainly operate CMT, there are no particular problems in regard to the quality of materials and supplies timeliness.</li> </ul>	<ul style="list-style-type: none"> <li>Those companies that make own product point out the costly transportation as a problem, the high costs arising because of the small volume of the imported materials.</li> <li>There is a shortage of local materials.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced transportation cost for group orders;</li> <li>Encouraged manufacture of local materials.</li> </ul>
<b>State policy for the development of the sector</b>		
<i>Justification for governmental support:</i> <ul style="list-style-type: none"> <li>The labour-intensive nature of the textile industry and the opportunities it provides for growth of less developed areas with relatively small investments for premises, equipment and labour;</li> <li>Implementation of the State's social function through an active policy for promoting regional employment and living standards;</li> <li>The financial sources, including loans from commercial banks and own capital, that are insufficient when only working with client's materials and low rate of profit.</li> </ul>	<i>State's policy:</i> <ul style="list-style-type: none"> <li>Negative to impartial attitude of the State sector toward the sector;</li> <li>The State has no active policy for the sector;</li> <li>The State does not impose enough restrictions against disloyal competition and smuggling;</li> <li>The State does not take active part in training of workforce to meet the modern business' needs;</li> <li>There is no clear social and employment policy for the industry;<sup>6</sup></li> </ul>	See page 20-21

## 7. POSITIONING STRATEGY

The positioning of an object (a product, company, a cluster of companies, etc.) defines the target groups' concept about the desired position of the same within the national and international markets. The positioning has a task to create certain associations about the object, hence it is differentiated from the rest objects within its category and its competitiveness grows higher. Positioning is an essential instrument for brand establishment – interlaced connections about a certain object in people's minds. The country (region) of origin of a product in many cases is the key dimension of a given brand which provokes the decision to buy. Positioning strategy is used as the basis for establishment of coordinated marketing strategies. A cross-border regional label/brand to promote the industry would contribute to a better positioning of the companies in the cross-border region as a good place for the production of textiles and clothing among the foreign buyers through joint presentation of their products.

### 7.1 Objectives of the strategy

1. To position the region as a good place, looked favourably on by buyers and end customers in the country and abroad, for production of textiles and clothing ;
2. To position the sector as a priority for the State;
3. To position the sector as attractive for work and career development among the young.

### 7.2. Target audiences

- Potential and present buyers from the country and abroad;
- Potential investors and partners from the country and abroad;
- Governmental and local institutions;
- National and local media;
- High-school leavers and higher-schools graduates with sector relevant qualifications;
- Those who complete their elementary education;
- End customers.

### 7.3. Strategy for positioning of the Bulgaria-Macedonia region among target audiences

The strategy for positioning of the region among target audiences comprises activities to promote the present positive sides, avoid risk factors, reach the desired state of the sector and establish a distinguished textile cross-border region. The vision for development in terms of production is as follows:

1. Work with client's materials CMT, its main challenge being to provide resources for *quantitative growth primarily* – larger orders from present partners and orders from new partners.

2. Design and marketing of products of higher added value – CMT with additional material, own products, production of foreign brands clothing of own design, own products and trademarks, collective trademarks especially in order to improve quality - higher competitiveness and more profitable orders.
3. Diversification of the product range for the region as a whole.

In summary, the long-term plan for positioning the region involves a series of activities in two main directions to: improve the image of the textile industry and increase the productivity.

### ***Improvement of the image of the textile industry***

The improvement of the image of the textile industry depends on how well the media and the target audiences are informed about the positive aspects of the textile sector, the measures to address the risk factors and for achievement of the desired state. The media have an important role in creating the desired target groups' perception of the textile industry. Therefore, it is important that they be made aware of the real situation, the risks and the plans for the growth of the industry. Adequate media coverage of this information would improve the image of the sector both among potential clients and partners and young people seeking job opportunities, as well as the State's institutions. In order that this initiative is implemented systematically and adequately, it is necessary that:

#### 1. The cluster's 'image' be developed in contents and form:

- Criteria be established for the companies to meet so that they can be part of the regional brand;
- Profiles of all member companies be drawn up and on these grounds the general profile of the regional brand be developed;
- Success stories (about companies, individual products, employees, working conditions, satisfied customers, successful governments' policies in other countries that advanced the sector and the respective areas) be identified and relayed;
- Upcoming events and developments in the industry be communicated;
- Fashion photographers, designers and other specialists be engaged so that they 'dress up' the contents and be public reference to certain brands and manufacturers;
- A package of advertising materials be made: a brochure, a catalogue, a video, representing the sector and the individual companies;
- Companies' certificates for quality and corporate social responsibility be ensured, in accordance with clients' demands and generally accepted quality standards. For this purpose, the companies should be made aware of the effect of certification. This is expected to increase the level of trust among the target audiences and make the real 'picture' match the brand's name Trusted Balkan Apparel.

## 2. Publicity through the mass media:

- Contact with journalists, bloggers, representatives of various institutions, directly or indirectly related to the textile industry, be established;
- Modelling agencies organizing fashion shows and social events be engaged;
- 'Open days' to visit the sector companies be organized for journalists, representatives of national and regional electronic and print media;
- A unit be established to actively hunt up developments and achievements in the sector and provide the national and regional media with information;
- Articles about the textile industry be published in newspapers and magazines;
- 'Speakers of the industry' be elected to appear in TV and radio broadcasts and speak on branch specific topics.

## 3. Publicity through the industry's mass media channels:

- The companies' profiles be published on the web sites of the two branch organisations on both sides of the border, and on the regional cluster's joint online platform;
- Success stories be published, upcoming events, current news, results from special surveys, etc.
- An Internet platform be developed to present the companies and the region, with special access of cluster-members to the online exchange of 'Offers&Wanted' type so that they could more easily and quickly take up joint actions: orders, offers, purchases, sales, etc. Many companies in the sector have free production capacity that could be utilized if increased volume of CMT orders. The same web platform can be used as a system for coordination of available production capacity, in search of more effective production tools and of unemployed labour force (for permanent employment or campaign needs), it would facilitate further occupation of businesses' capacity to higher turnover, higher profits and more opportunities for direct own investments.
- The companies sign in and maintain accounts of both the companies and their executives on social networks.

## 4. Publicity and feedback through direct communications and stimuli:

- Trade associations and embassies of EU countries be contacted for establishment of connections with potential investors, partners and clients; B2B communications, including face to face meetings especially beneficial when entering new markets to attract clients and organize export operations. In this regard, the embassies and commercial chambers of the two countries could be asked for assistance to organize at



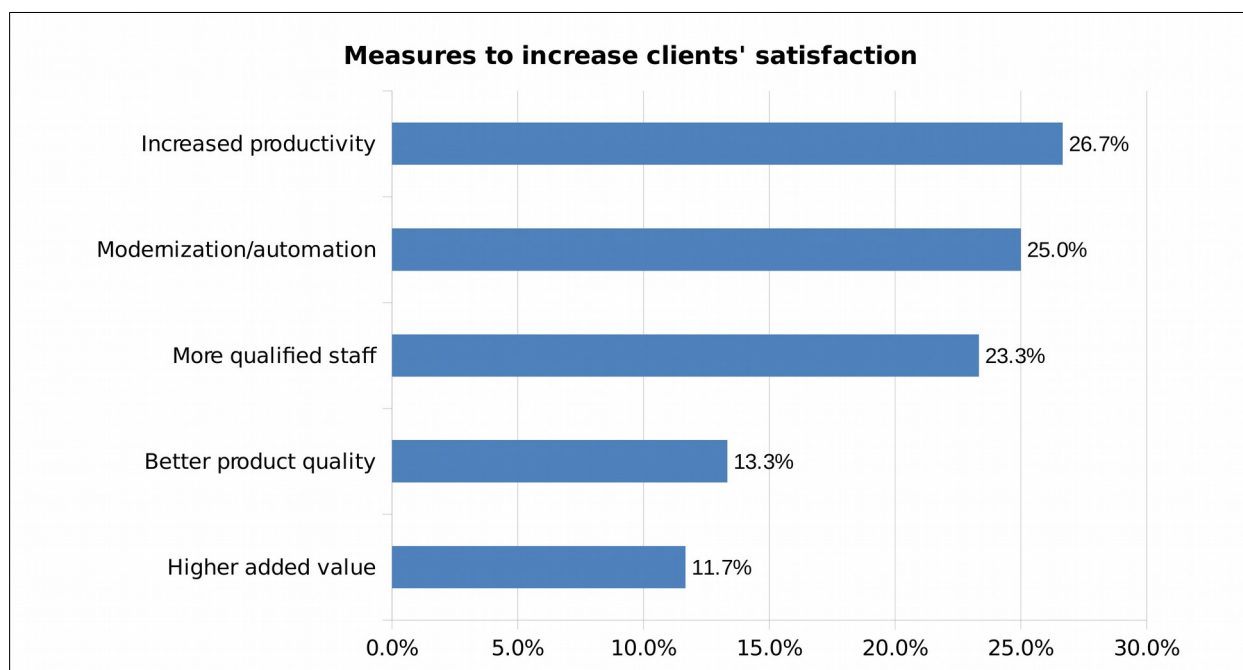
least two B2b meetings annually, particularly in the Nordic countries and Russia as promising and markets of interest for the companies of the region;

- Participation in fairs and exhibitions be ensured with the joint name Trusted Balkan Apparel to promote the region's potential jointly;
- A rountable on 'Textiles and clothing sector and the development of the region' be organized with representatives of governmental institutions (Ministry of economy, Ministry of regional development, Ministry of labour and social policy, Ministry of education and science, Commission for protection of competition), representatives of the regional business and of the local authorities;
- Letters be prepared and sent with specific requests and proposals to the relevant government institutions on issues such as curbing the unfair competition, illegal imports, customs regulations, provisions of the labour code, regulation of the grey sector, etc.
- A rountable be organized with representatives of the Ministry of education and science, educational institutions, business representatives and students to discuss problems in the educational system and provide solutions to these.
- A direct link and cooperation between the companies and the educational institutions be established – kindergartens, primary and secondary schools, higher education institutions, in order to create consideration and love for the make and trade of textiles and clothing. The cooperation could be expressed as:
  - a. joint projects for curricula updates;
  - b. development of case studies to solve in educational courses;
  - c. organisation of seminars and contests with the participation of the business;
  - d. contests between students in different educational institutions, with the results being announced at purposeful events with fashion shows and media presence.
- Measures be applied to make the textile profession attractive:
  - a. Gradual increase of the remunerations in the industry
  - b. Motivation of workers with financial and non-financial measures
  - c. Organization of promotional events for young people to present the profession as attractive for their future career
  - d. Development of modern education and training centres for development of the human capital in the entire border region.

### ***Increased productivity***

Increase of productivity takes investments in equipment, improvement of the production processes and the human capital. Investment in equipment and staff training are among the most commonly pointed measures for improvement of the competitiveness of the textile and clothing companies in the region. Additional financial resources, better motivation of the workforce, simplification of the procedures for and shorter time to obtain construction permits are noted as additional measures.

Chart 12. Measures to better competitiveness



Over 90.0% of the companies are looking for financial sources for modernization and automation through combination of loans, grants and own funds.

#### **1. Funding**

- Credit lines for longer periods and lower interest rates to meet the specific needs of the industry should be agreed on;
- Better terms and conditions for lease purchase of equipment be negotiated;
- Successful practices worldwide be studied, to subsidize companies, including part of the pay of textile workers for their benefit.

#### **2. Equipment**

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- Analysis of the type of equipment the companies need be carried out;
- Technologies for computer-assisted design and 3D printing be explored and introduced - the result is faster and more accurate production and labour productivity;
- Possibilities be explored for deployment of equipment for production of high-tech/functional wear; intelligent digital technology in clothing and accessories (measuring physical functions); make of antimicrobial fibres and fabrics for sports/work clothing, focusing on strength, water resistance, UV protection, etc.; technology for creating functional textiles where the profit margin is larger than with traditional fabrics;
- Waste treatment systems be examined and put in place and recycling programs be developed.

### 3. Workforce

- Analysis of the companies' needs of workforce with specific knowledge and skills be carried out;
- Joint trainings of employees of different companies be organized;
- Internship programs and programs for career development be developed;
- Systems for 'on the spot' training in the companies be established and good practices be shared between companies;
- Programs be developed for inclusion of workers in social initiatives.

### 4. Suppliers

- The time for execution of orders be reduced through strengthening and expansion of the range of suppliers;
- Programs be developed for stimulation of local suppliers and the production of natural fabrics to reduce the dependence on polyester fibres and imports ;
- Small series high transport costs be reduced through programmes for collective orders of several companies.

## 8. ACTION PLAN

ACTIVITY	DEADLINE	PERSON IN CHARGE	PERSON/S TO CARRY OUT THE ACTIVITY
<i>Improvement of the image of the textile industry</i>			
<i>Development of the cluster's 'image' in contents and form</i>			
Criteria for membership in the regional cluster	First 12 months	Natasha Sivevska	Consultants
Companies' profiles and cluster's profile	First 12 months	Yordan Belovodski	Consultants Companies
Success stories	Continuous	Coordinator	Coordinator Companies
Upcoming events and developments in the industry	Continuous	Coordinator	Coordinator Companies
Engagement of fashion photographers, designers, etc. specialists	Continuous	Coordinator	Coordinator
Advertising package	First 12 months	Yordan Belovodski Natasha Sivevska	Companies Advertising agencies Photographers Designers Copy writers Filmmakers, etc.
Certification	Continuous	Yordan Belovodski Natasha Sivevska	Consultant
<i>Publicity through the mass media</i>			
Contact with journalists, bloggers, etc.	Continuous	Coordinator	Coordinator
Contact with modeling agencies for organization of	Continuous	Coordinator	Coordinator

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fashion shows, photo sessions and social events			
Open days	2 times a year	Coordinator	Coordinator Companies
Press releases about developments in the sector	Continuous	Coordinator	Companies Journalists Bloggers PR professionals
Articles about the textile industry in newspapers and magazines	Continuous	Coordinator	Companies Journalists Bloggers PR professionals
Speakers of the industry: selection and organization of participations	Continuous	Coordinator	Speakers Journalists Media
<i>Publicity through the industry's own mass media channels:</i>			
Publication of the companies' profiles on the branch organizations' web sites and on the cluster's platform	First 24 months	Coordinator	Coordinator Companies
Publication of success stories	First 24 months	Coordinator	Coordinator Companies
Development of the cluster's Internet platform	First 24 months	Coordinator	Companies Designer of the platform
Registration of profiles on social networks	First 12 months	Coordinator	Coordinator Management staff
<i>Publicity and feedback through direct communications and incentives</i>			
Contacts with embassies and branch associations of the EU countries	Continuous	Coordinator	Coordinator Companies

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			Embassies Branch organizations
Collective participation in fairs and exhibitions	At least 2 times a year	Coordinator	Coordinator Companies Financing body
Rountable with representatives of the interested parties	During the first 12 months	Coordinator	Companies Ministries Local authority
Letters to governmental institutions	Continuous	Coordinator	Coordinator Government institutions
Roundtable with representatives of the Ministry of education and science, educational institutions, businesses and students	At least once a year	Coordinator	Coordinator MES Educational institutions Companies Students
Contact with educational institutions: joint projects for curricula updating	During the first 24 months	Coordinator	Companies Kindergartens Schools Higher educational institutions
Contact with educational institutions: development of case studies to solve in educational courses	During the first 24 months	Coordinator	Companies Kindergartens Schools Higher educational institutions
Contact with educational institutions: organization of seminars and contests with the participation of the business	During the first 24 months	Coordinator	Companies Kindergartens Schools



			Higher educational institutions
Contact with educational institutions: Organization of competitions	During the first 24 months	Coordinator	Companies Kindergartens Schools Higher educational institutions Media
Contact with educational institutions: joint research projects	During the first 24 months	Coordinator	Companies Higher educational institutions Research institutes
Gradual increase of the remunerations in the industry	During the first 36 months		
Financial and non-financial measures for motivation of employees	During the first 12 months	Coordinator	Coordinator Companies Country Branch associations
Promotional events for young people in order to promote the profession	During the first 24 months	Coordinator	Coordinator Companies Agencies
Establishment of educational and training centers	During the first 24 months	Coordinator	Coordinator Companies Ministries Students
<b>Increased productivity</b>			
<b>Funding</b>			
Negotiations of credit lines for longer terms and lower interest rates	During the first 24 months	Coordinator	Coordinator

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			Companies Banks
Negotiations of better terms for lease purchase of equipment	During the first 24 months	Coordinator	Coordinator Companies Banks Suppliers
Investigation for successful practice around the world for subsidies to companies	During the first 12 months	Coordinator	Investigator
<i>Equipment</i>			
Analysis of the type of equipment the companies need;	During the first 12 months	Coordinator	Coordinator Analyst Companies
Research for technologies for computer-assisted design and 3D printing	During the first 36 months	Coordinator	Coordinator Companies Suppliers Funding institutions
To explore the possibilities for the deployment of equipment for the production of specific garments	During the first 36 months	Coordinator	Coordinator Companies Suppliers Funding institutions
Research and deployment of waste treatment systems and development of recycling programs.	During the first 36 months	Coordinator	Coordinator Companies Suppliers Funding institutions Households
<i>Workforce</i>			
Analysis of the companies' needs of workforce with	During the first 12 months	Coordinator	Coordinator

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specific knowledge and skills;			Analyst Companies
Joint trainings of employees of different companies;	At least 2 times a year	Coordinator	Coordinator Companies Experts
'On the spot' systems for training in the companies;	During the first 12 months	Coordinator	Coordinator Companies Experts
Programs for inclusion of workers in social initiatives.	During the first 36 months	Coordinator	Coordinator Companies Experts
<i>Suppliers</i>			
Strengthening and expansion of the range of suppliers	During the first 12 months	Coordinator	Coordinator Experts Companies
Programs for stimulation of local suppliers and the production of natural fabrics	During the first 24 months	Coordinator	Coordinator Experts Companies
Programmes for collective orders of several companies	During the first 24 months	Coordinator	Coordinator Experts Companies

## 9. APPENDIXES

### 9.1. Questionnaire

#### \* Profile

CONTACT INFORMATION	
Company name:	
Address:	
e-mail:	
web page:	
Name of person filling out the questionnaire:	
Position/function in the company:	
Contact telephone:	
GENERAL INFORMATION	
Year of establishment:	Legal form: <input type="checkbox"/> AD/ OOD/ EOOD/ <input type="checkbox"/> Other
Capital:	<input type="checkbox"/> Local/ Foreign/ <input type="checkbox"/> Joint venture
Number of employees:	

Please indicate the type of production of your company in%

Type of production	Share of total sales in%
Client's materials CMT	
Client's order CMT with own accessory materials	
Ready-to-wear product	
Own design with buyer's label	
Own brand	
<b>Total :</b>	<b>100%</b>

We usually work with:

- |  |  |
|--|--|
| <input type="checkbox"/> Only one major buyer      | <input type="checkbox"/> Three to five major buyers  |
| <input type="checkbox"/> Two to three major buyers | <input type="checkbox"/> More than five major buyers |

What are your customers (country, brand, quality level)?

Country	Brand	Level of quality

Do you think that you can meet your customers' requirements?

- ☐ Yes  
☐ No  
☐ I do not know

In your opinion, what do you have to do to meet the expectations of your customers more fully and you too benefit from it ? (More than one answer is possible)

- ☐ We should increase productivity;  
☐ We should look to modernization/automation;  
☐ We should employ more qualified personnel;  
☐ We should improve the product's quality;  
☐ We should offer a higher added value;  
☐ Other – please specify:.....

What are the target markets you would like to export your products to in the future?

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In what way would you access these markets?

- ☐ Singly  
☐ In an organized way through B2B meetings and fair promotional stands

Where are your direct competitors?

- ☐ In the country  
☐ In the region  
☐ At global level

What are your three main strengths

--	--	--

What are the obstacles you face compared to competitor companies from abroad?

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What are the possible risks to the prosperity of your company? (More than one answer is possible)

- ☐ Lack of quality workforce
- ☐ Workforce migration
- ☐ Set by the foreign buyers low prices
- ☐ Lack of quality orders
- ☐ Unpreparedness to move from entirely work done with client's materials CMT to finished product manufactured at buyer's request
- ☐ Lack of automation
- ☐ Problems with the legislation
- ☐ Administrative barriers
- ☐ Failure to ensure appropriate certification to meet buyer's requirements
- ☐ Insufficient communication with the textiles and clothing sectors of foreign markets
- ☐ Bad image of the textile and clothing sector in the society
- ☐ Other – .....

What is needed in order to increase the competitiveness of your company?

- ☐ Financial resources
- ☐ Investment in equipment
- ☐ Training of personnel
- ☐ Other – please specify:.....

How do you assess the equipment you use?

- ☐ Modern and automated
- ☐ Quite modern
- ☐ Obsolete
- ☐ Very obsolete

How could your company modernize and automate the production process?

- ☐ Loans
- ☐ Grants
- ☐ Own funds
- ☐ Combination of the three
  - ☐ Loans ..... %
  - ☐ Grants ..... %
  - ☐ Own funds ..... %

The average salary of your employees is ..... BGN. Do you think it is:

- ☐ High
- ☐ Normal
- ☐ Low

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If you believe that the salary is low, please indicate the reasons. How do you think this can be corrected?

Your average annual investment in staff development (training, training scholarships, educational tours) amount to:

Euro: \_\_\_\_\_ for training

Euro: \_\_\_\_\_ for training scholarships secondary vocational education

Euro: \_\_\_\_\_ for educational trips

Euro: \_\_\_\_\_ for others – please specify:.....

What proposals would you make to moderate certain existing provisions which would increase the competitiveness of your company?

☐ In regard to customs regulations:.....

.....

☐ In regard to employment regulations:.....

.....

☐ In regard to VAT:.....

.....

☐ In regard to other issues – please specify: .....

.....

Is your company certified to SA 8000 standard on social and corporate responsibility and if so, to which?

☐ Yes

BSCI, SEDEX, CERES, FARE WEAR, other – please specify .....

☐ No

for the following reasons:

☐ lack of information

☐ high price

☐ other – please specify:.....

Do you find the cooperation between companies in the Bulgaria – Macedonia border realistic?

☐ Yes

☐ No

Do you think that cooperation between the two regions and their joint project to enter third markets will give and an advantage in comparison with other countries in the region?

☐ Yes

☐ No