Diversification helps workwear manufacturer weather pandemic

As we bid farewell to 2020, one thing has become clear: no business is immune to crises like the one that hit the private sector as a result of the Covid-19 pandemic. The situation has shaken some of South Africa's oldest and most prolific businesses, resulting in downscaling, mass retrenchments and the closing of doors, either temporarily or permanently.

Sweet-Orr factory in Elsies River, Cape Town.

Stats SA data released late last year suggests the number of South African liquidations in the third quarter jumped by 27.4% compared with the same period the previous year. This percentage increases to 54% when comparing September 2020 and 2019. Fortunately, many businesses have survived the Covid-19 storm thus far; this includes South Africa’s oldest protective workwear manufacturer, Sweet-Orr & Lybro.

Executive director of Sweet-Orr, Denver Berman-Jacob, states that while 2020 proved to be a challenging year, closing down and retrenching any of the company's 270 staff members has never been an option. This, he explains, is thanks to the manufacturer's sustained diversification drive.

Adapt or die

“Over the past 20-odd years, we have always made a point of adapting and diversifying. Just because you are doing well today, doesn’t mean you will be in business tomorrow. Look at what happened to giants such as Kodak and Thomas Cook!” says Berman-Jacob.

“The economy is moving faster than ever. As a business and employer, it is your job to move with the time and remain relevant in the eyes of your customers and keep your people in jobs, especially when a disaster strikes.”

Denver Berman-Jacob

He says that this strategy has helped the company navigate various storms before, beyond cutting costs. “In the case of a global banking crisis or pandemic, you can only cut costs so much to survive. After a while, it is no longer sustainable. To have a stable and sustainable future, you need to think and act differently all the time, not just when things go south.”

Kickstarted in 2016, Sweet-Orr’s diversification drive is rooted in four areas: product offering, market base, distribution channels, and geographical footprint.

“We used to focus only on apparel, but because clients prefer to deal with fewer suppliers for all their needs, we – thanks to strategic partnerships with leading local and global manufacturers – moved towards a head-to-toe service offering,” Berman-Jacob explains.

In terms of market diversification, the company has harnessed the power of e-commerce and has started to open showrooms. “Moving from a traditional single-sales platform business towards a multi-channel sales company has made it easier for potential clients to access our products.”

Calls for South Africans to buy local to reignite growth

16 Oct 2020

Expanding geographical footprint

In the meantime, the company is growing its geographical footprint to avoid relying on only one market in South Africa. “We are distributing into the SADC region and the Middle East, and have plans to re-enter the United States,” says Berman-Jacob, adding that Sweet-Orr was founded in 1871 in New York, after which it opened shop in Cape Town in 1931 – currently its only remaining manufacturing hub after its American factories closed down.

“In the meantime, we have deployed representatives in the SADC region and are in conversation with distributors in other parts of Sub-Saharan Africa. This continent is where the opportunities lie. The African demand for quality workwear and related products is huge!”

All of this, and having funds set aside to deal with unforeseen challenges, has helped Sweet-Orr remain versatile, agile and in business, Berman-Jacob says. “You must have your eggs in more than one basket and be able to respond quickly to sudden changes. Besides living in the now, business owners need to constantly prepare themselves for an unknown future and leave nothing to chance."