

FOCUS OF THE MONTH

# THE FIRST GREEN FOOTWEAR FACTORY

TFD had an opportunity for a tete-a-tete with **Riad Mahmud**, Managing Director of Shoeniverse Footwear Ltd, an affiliate of the National Polymer Group. Engr. Riad Mahmud has professional experience of almost 3 decades both in local and international organizations.

His journey in shoe manufacturing is recent, but his initiative to build the first green factory shows a futuristic and change-maker attitude in this business.

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Written by Tahseen Farhan



## Glimpse of his Professional Journey

Riad Mahmud completed his academic qualification in B.SC in Engineering from the University of Texas, Austin in 1994 and then in 1999 did MBA from the University of Melbourne, Australia. During his initial career, he held numerous senior positions in different organizations in Sydney, London, and New York.

Initially, he held a Sponsor Shareholder position in National Polymer Industries PLC then joined the Board of National Polymer Industries PLC in 2007 as a Director. Later he became N'Poly's Managing Director in 2009. Currently, he is the Managing Director of NPOLY Group of Companies and its affiliates.

## Becoming Shoeniverse

After spending many years leading the NPoly group, he had gathered a good experience and understanding of leading a manufacturing organization. In order to diversify Npoly's business portfolio and explore new business opportunities, Riad Mahmud chose to enter the footwear industry. However, the know-how of this industry was unknown. He sought advice from industry experts and friends in this line of business to gain needed navigation to build his new venture.

Within six months of going into the factory facility construction of a 70,220 SQF area, to support the sustainability vision he decided to build a LEED-certified Green factory. His futuristic ideas and sudden change in decision made Shoeniverse the first LEED-GOLD certified "Green Factory" in the Bangladesh Footwear Industry. The journey in footwear manufacturing started in 2017. With a current production capacity of 190,000 pairs/month, they became a 100% export-oriented GREEN facility. They are also planning an expansion to double their capacity. This facility will also be LEED Gold certified. They wish to continue this trend and be the pioneers for any other new sustainability initiatives in the global market.

## Initial Challenges and Success Methodology

Initially, SFL's product focus was geared towards leather footwear. In the very early stage, they realized, that considering the global demand

shift towards athletic and synthetic shoes focusing on leather footwear would not ensure growth for a new entrant. Their product DNA does cater to boots and casual shoes for men, women, and children. Synthetic sports shoes are their product strength. It was a learning curve as he explained SFL had to figure out each step to maintain production and line capacity and recalibrate their team from time to time. As they grew and understood how the industry and market worked. One thing he realized, if we quote him, *"One must realize that one should never be satisfied with a status quo. There is ALWAYS room for improvement. And that is a continuous growth journey for a growing concern."*

## Vision for Shoeniverse

For Bangladesh, he envisions the country to be an ideal destination for synthetic footwear buyers. By that time, the Synthetic footwear industry part will be more mature, there will be the existence of more compliant factories. As for SFL's vision is to become an ODM (original design manufacturer) and build a backward





linkage for their primary raw materials to reduce dependency on Chinese imports. Riad Mahmud's dream is to build "SFL Shoe City", where SFL will have all their primary raw materials available within their campus.

## Current Challenges of Shoeniverse

The global recession has put pressure on manufacturers to cut costs. The brands with which they work are continuously facing price pressure. Inflation in major markets made footwear purchases a discretionary expense slowing down demand. With such price pressures, on the other hand, buyers are also unable to move away from compliance requirements. Meeting buyer's compliance requires huge capital investment and restructuring costs. With cost-cutting, price pressure, and instability in demand; it has become challenging to maintain flexibility with buyers at this point.

## Current Challenges in our Footwear Industry

As the Bangladesh footwear industry focuses on growth, an efficient supply chain, and design development capability remain a challenge. Efficiency in the supply chain is eminent, dependency on import should be reduced and focus on localized supply chain should be prioritized.

The gain in increased production volume can only be enjoyed if the supply chain is efficient otherwise going forward with existing inefficiency will create havoc in the industry. Development capabilities should be a key focus too and need to start soon, as this itself is a long journey that cannot happen overnight. Currently, the industry is heavily dependent on China. To gain from this dependency, one must learn, train, and seek win-win cooperation from the Chinese counterparts and build their development capabilities in Bangladesh. This will strengthen the industry's lead time for order processing.

## Strategic Initiatives for our Footwear Industry

To become the next footwear sourcing destination, design development capabilities, and strong backward linkage must be key focus for development. Similarly, professional training for the workers and mid-management level employees is essential to create standards. Our industry has an acute shortage of adequately trained personnel. World-class training facilities are unavailable to train different level personnel. Second, the mindset of workers, employees, and employers is required to change and become more adaptable. The current mindset is very target-oriented not focused on the growth of employees, workers, or the organization itself. From a cost point of view, Bangladesh has an advantage. From a buyer's point of view, they are also making a conscious decision to shift a certain % of sourcing to countries like Bangladesh from China.

Timing is essential for our success and to take full advantage of meeting buyers' expectations. If we don't act soon and collaboratively, Bangladesh may lose this spot, and another country will swoop in and take it. The expectations and demands of the ultimate customer cannot remain unmet indefinitely.

As an entrepreneur, three important pieces of advice for young professionals and potential entrepreneurs:

1. An entrepreneur's journey in any new sector should start with gaining experience and developing a deep understanding. Without clarity and knowledge, you cannot become an entrepreneur in any sector.
2. Hard work is essential to success. You always need to put in thousands of hours to have success. There is always an easy way to make easy money but not for a sustainable business model.
3. To grow in life, it is essential to keep updating and upgrading oneself with new knowledge. Keep an open mind to learn from others always.



For more information on Shoeniverse, visit: [www.shoeniverse.net](http://www.shoeniverse.net)