



The World Textile Services Congress exceeded the wildest expectations

Fifteen years separate the first WTSC, which was held in Britain, and the latest conference, which was held in Bruges (Belgium) from 5 to 7 October 2016. The words of praise and the enthusiasm of the participants are an indication that the organisers should not wait that long to organise the next one. In fact, the conference was a great success, even exceeding the wildest expectations of the attendees who came from twelve different countries. The conference owes this success to many factors.

Bruges really proved to be the right host city for the WTSC. A living medieval painting is the perfect setting for any conference of course. The amazing meeting venues - some are even UNESCO World Heritage sites - were all within walking distance of the five-star Dukes Palace Hotel. The organisation was a well-oiled machine and the Indian Summer a pleasant added bonus. The organisers decided to do away with boring grey suits for the presentations. If you want to emphasise the power of innovation and of an image, then you could of course choose to invite a slick marketing guy. Alternatively you can also invite a speaker for whom 'out of the box' thinking is second nature. 'Out of the chocolate box' more specifically. It only took "Shock-o-Latier" Dominique Persoone 30 minutes to convince everyone that doing business can also be - or actually should always be - more 'rock-'n- roll'. Marc Herremans took the floor before him. This former top triathlete was paralysed from the chest down after a fall during a training session. But he has continued to push back his boundaries since then. And what did we learn? That several interfaces exist between sport and a business environment. During his presentation Herremans referred to the "card game of life". His idea is that you must always capitalise on your own strengths, at the right time. Scars from the past should not determine your future and your competitors are your best incentive. The audience was spellbound. It was all very inspiring.

A former world leader on stage

Globalisation was a hot topic during the conference. Keynote speaker Herman Van Rompuy was the first to refer to this theme. In his keynote speech, the former president of the European Union called for more cooperation, across borders. He feels that this is the only way in which the western world can cope with the many challenges we currently face - including terrorism, immigration, income equality, slowed economic growth and trade dumping to name but a few. Protectionism is one of the greatest errors of the past. And a short-term vision is also a major threat to any business. Van Rompuy mainly lashed out at the United Kingdom, both in clear terms but also between the lines. In fact, he even called Brexit and Donald Trump two sides of the same coin. He also praised the cooperation between our national federations. And the former Belgian prime minister also had the following message for all entrepreneurs "Transform fear into hope." Wise advice that can be applied on many levels.

Obviously the WTSC was first and foremost a networking event. The 200 participants had plenty of time to establish and strengthen professional contacts, to talk to prospective new partners and exchange experiences as well as get new ideas. But several decision-makers also shared their personal views with the conference participants. This happened during several lively panel discussions. Below is a summary of what they had to say.



“Global trends overview” panel

With 20 years of relevant experience as a procurement manager for two large multinationals – she currently is the Procurement Director for Accor Hotels, Benelux –, **Willemijn Martens** knows the ins and outs of the textile care industry like no other. She is also one of the founding partners of BUYOLOGIE Procurement Management, a company that specialised in finding ways to save on non-strategic expenses for SMEs. The Dutch speaker started by reassuring the audience. “Linen is inextricably linked with a bed. And the bed is the most important element for anyone who spends the night in a hotel. More important than a walk-in shower, room service or the breakfast buffet. But there is also bad news. Because things are clearly changing on the linen front. Hotels are buying their own linens again. This is mainly the case for towels, a little less for sheets. They are opting for the system of two cost centres: the initial investment in linens on the one and textile care on the other. And for the latter they buy their own machines and detergents, as well as relying on their own personnel. This can be partly attributed to the attacks in Europe, more specifically in Brussels and in Paris. As a result, these hotels are generating less turnover. Which is why they must find ways to cut costs. But there is another reason for this. The hotel industry, more specifically hotel owners, are rapidly evolving. And this also has consequences for linen rentals. The smaller, non-listed hotel groups that are entering the market, play a more substantial role in this trend, which is not a global trend just yet. They cannot fall back on a learning curve and have not had any bad experiences when it comes to owning and managing your own linens. They only see the benefits of this. You can order new linens when you feel like it, you always have sufficient linens available, you never have to worry about delivery errors and you can also choose the quality of the textile care yourself. Any complaints can be attributed to your own staff or organisation. They also worry about a number of disadvantages if they outsource their textile. Such as losing control over the age and the number of times your linens are washed. These new entrepreneurs are very difficult to convince unless you use some strong arguments. Working with a textile service allows hotels to coordinate the cost with the occupancy levels. They do not have to invest and can focus instead on their core business. Generally speaking,

the quality of the textile care is also better. Traffic can also influence this choice. If a hotel in a large city is difficult to reach - meaning the laundry service will visit less frequently -, this does not necessarily mean that the hotel manager should invest in a larger stock of linens. He prefers to use this space for another room. Because a room generates turnover. So laundry services must be flexible, even delivering at night if necessary. Naturally without waking up guests.”

Charlie Betteridge has over 30 years of experience in professional textile care. The Vice President Global Corporate Accounts at Christeyns – who oversees the large accounts – pointed to Willemijn Martens, saying she was representative of a new generation of buyers, who emerged after the crisis of 2008. “They are no longer interested in long-term relationships, strategic decisions and the bigger picture (including service) - in fact: the best price agreement. All they want is the lowest price. Because their only concern is to reduce costs. So they are continually pushing for price reductions. Because they know that the supplier will always give in, especially in case of overcapacity. The only uncertainty is how low is the supplier prepared to go? So the question arises whether quality still has a price. If profit is the difference between turnover and costs, then it is to guess what will happen to the quality of textile care if you generate less turnover. Either you start to do your work badly or you anticipate by reducing the costs (of water, energy, detergents and so on) yourself. Textile care companies will therefore have to work more efficiently. You can also ask yourself how much margin there still is for innovation when your income declines. Because innovation is expensive. So you must prioritise. Fortunately many of the innovations that are introduced in textile services are developed to save money and cut costs. If you do not innovate, you will never be able to keep up with your competitors when it comes to offering lower prices.”

Jesper Munch Jensen is the CEO of the Jensen Group, a global player in mechanical engineering for industrial laundries. The company has the reputation of being very innovative. The CEO is convinced that textile care companies need to look beyond the obvious. He referred to the Pyramid of Maslow, who tried to organise human needs as early as 1954. Globalisation created an economy in which everyone offers similar products. In the developing countries this often leads to copycat behaviour. So the idea is to identify tomorrow’s needs. Why do you buy an Apple smartphone? These phones are expensive and the company evades taxes, by the billions. Because the company with the apple logo managed to make us believe that we needed something that we did not even know existed. The same goes for car maker Tesla at the moment. They succeeded in pulling something off in a very short time frame that usually takes 30 to 40 years to achieve. If everything looks the same, this has an impact on pricing. You can only break through this circle by offering something completely new. Your survival depends on your ability to innovate, to be a game changer. And this also applies to textile services. Jensen took some great strides about twenty years ago in terms of automation, service and total solutions. It was substantial risk, especially for such a small sector. But their courage is now being rewarded.

Sam de Boo, Vice President & General Manager Textile Care, Ecolab Europe, chose the theme of ‘Safety culture’. “Every year, 1.1 million people die due to an accident at work. This is more than the number of war and traffic casualties combined. Every job involves risks for an employee. And things are no different in a laundry: The manual handling of roller containers, operating machinery, hazardous chemicals, driving vans and lorries... Every year, our industry records tens of thousands of work-related injuries worldwide. All these accidents also have an impact on the company, resulting in less productivity, less motivated employees and higher insurance premiums. Even though most calamities could have been avoided. You cannot create a safe working environment by accident. That is why the ETSA has appointed a new committee that will study this in more detail. You can make a lot of headway by educating employees, with audits, good communication and a sense of responsibility.”

Martin Kannegiesser was assigned the theme of labour relations. The owner and CEO of Herbert Kannegiesser previously served as president of the German employers’ federation. A role that he also played in the European employers’ federation of the metal and electronics industries. In short, he was definitely the right man to discuss this at length. He started with the finding that labour relations influence politics, freedom and the values of a society. That is why entrepreneurs have an important role to play. Human resources are one of the biggest cost centres in the textile industry, but they are also instrumental in a company’s success. You can achieve high productivity and a consistent workflow among others by flexible working hours, incentive programmes and

healthy work stations. But political decision-makers have to create the right framework for this, facilitating investments. Private initiatives must also be taken in the second pension pillar and lifelong learning should be an evidence. The need for more teamwork does not imply that there no longer is a need for leadership.



“Corporate Social Responsibility and sustainability” panel

Highlighting an industry’s Corporate Social Responsibility and reputation can contribute to significant growth. Other industries have already paved the way. How can we increase our turnover by creating an image of sustainability demonstrating that we care about our society?

Sylvie Thonnerieux among others tried to formulate an answer to this. Mrs Thonnerieux is the manager of ACTE International, a French company specialising in Global Supply Chain Management.

“Every business activity had some sort of an impact on the human and natural environment. The point is to reduce this impact or at least reverse it, so it becomes a more positive impact. In this context, for many years, the only law that applied was the so-called ‘soft law’. It relied on goodwill, which was encouraged by all kinds of labels, certificates, codes of conduct drawn up by the United Nations, international standards (e.g., ISO) and codes of conduct of the companies themselves. But we are increasingly seeing that a ‘hard law’ now applies. CSR is no longer an option, it has become an obligation. Which challenges does this pose for the textile services industry? We must capitalise on the increasing flow of immigrants. People who have come to Europe in hopes of building a new future here, whether for social, ethical, economic, political, religious or climate reasons. Can we give them a job? We must also refuse to do business with companies that we know are guilty of modern slavery, for example in the form of forced labour, child exploitation and human trafficking. You must be especially wary of partners in Turkey, Thailand, Myanmar and North Korea. We must move away from minimum wages and pay fair salaries instead. We should listen to the recommendations of NGOs such as Greenpeace and Human Rights Watch. And we must respond to the concerns of customers - both B2B and B2C. If we do, then the competitive advantage will be greater than the risks we take by changing. The quality is increased, the ambience within the company will only improve and we will become attractive for the millennial generation.”

Brian Keegan, Vice President of Safety and Sustainability at Ameripride, discussed the situation in the USA. There, in many cases, filling out a CSR questionnaire is part of the contract negotiations. You cannot afford to rest on your laurels and remain in your office if you want to make sure you have given the right answers. So Keegan travelled east to see for himself how textile dyeing companies work, how they recycle waste water. Ameripride wants to be recognised and respected like a real CSR company. It even wants to assist its own customers so they can follow suit. The safety of their own staff is also a priority. That is why they developed their own Safety-driven programme, resulting in an amazing drop in the number of accidents. But their far-reaching CSR vision also gave rise to other measures. They decided to upgrade their truck fleet (trucks are taken off the road after eight years, this used to be ten in the past). They also resorted to alternative fuels for the trucks and monitor the driving

behaviour of their drivers. The company is also subject to an environment audit that is conducted by third parties and the plant's roof is full of solar panels.

Martin Swierzy, the Managing Director of Alsico Germany, strongly believes in CSR and sustainability. He advocated in favour of this for many years, among others within the European Textile Services Association. He succeeded in explaining Alsico's vision on this in just a few minutes. He also mentioned that they invented textile rentals, as early as 1889. His company's creed is quite clear: "We do not sell any property. We are a recycling company. The entire industry should actually uphold this value. Because many (potential) customers do not know the difference between textile products and textile services. Whereas we can offer a solution to many of their problems. The opportunities for our industry are enormous if only we can make managers understand how they can implement our service actively, consistently and sustainably in their own activities. We really don't need any greenwashing for this. But the economy, ecology and social responsibility must always be perfectly balanced."

Nagore Marco, is employed as Group Risk Manager at Berendsen, a British company specialising in textile, safety and hygiene. She is tasked with implementing the company's CSR strategy among others. She feels every company should do this because it is part of a company's risk management. "Nowadays the views of the business community have changed significantly, compared with ten years ago for example. And you no longer can afford to merely respond, you have to anticipate. This requires flexibility of course. As an entrepreneur you must manage both the risk and the opportunities of this. If you succeed in doing this, you can create a competitive advantage, that can benefit your customers and stakeholders in general. As well as the environment. Just think of how much less water and energy you will consume if you work more efficiently."



"Textile services market dynamics" panel

Other countries, other continents too, other markets. As a consequence of boundaries that limit you or specific situations that ensure that you can generate more turnover. How do the concentrations of companies, demographic conditions and the economic mix or the cost of deliveries influence an industry? The differences were demonstrated during a series of short presentations by branch profiles in various geographic markets.

David Pottack is the Senior Vice President of Sales and Marketing at Unitex Textile Rental Services and Med-Apparel Service as well as the incumbent president of the TRSA. He knows the American market inside and out. As was apparent from the figures he presented. "Currently, the textile services industry in the United States accounts for an annual turnover of about 19.2 billion dollars. In this framework, it is worth remembering that the larger companies mainly focus on workwear. However, the market's potential amounts to 28 billion. The greatest opportunities are in hygiene products for washrooms and direct sales. Their share has the potential to significantly increase and will do this in the long term. Other facilities that come to mind are safety facilities, such as first aid kits. The industry has already been working on more diversification for quite some time. The share of workwear is reducing by the day and currently amounts to just 50 percent. The share of barrier mats is also

declining while hygiene products are performing very well. A survey conducted in 2015 showed that managers in the industry mainly expect bath and bed linens to perform really well in the future. There is more consolidation, both among the providers of textile services and on the customer side. More and more jobs are automated to reduce personnel costs. And because to measure is to know, all costs are continually monitored. Certification is becoming increasingly important every day. Customers want to be able to recognise quality.”

When asked why American companies have not yet taken their expansionism across the pond, the president answered that there is still plenty of work to do in the United States but that they may very well do this one day.

The European counterpart of Potack – **Juha Laurio**, the CEO of the Lindström Group and the president of the ETSA, the leading European textile services federation – gave a presentation about the European market. “Figures from 2012 indicate that the European market accounts for a turnover of 11 billion euros. Currently, however, there is a potential of 26 billion euros. And real positive minds have even hazarded a guess of 46 billion euros. But all this relies on optimum performance. Romania, for example, on average spends half a euro per capita per year on textile services. Compare this to the European average, which is 24.7 euros. The best in class is Finland, with more than 60 euros. Is this possibly due to the fact that they still cover their beds with reindeer hides and tend to wear a fur coat rather than a T-shirt? As far as the outsourcing of textile services is concerned, in 35% of all cases companies rely on textile care specialists for their flat linens. For workwear, the percentage is about 30%. Cleanroom products are outsourced more often (65%). Customers tend not to turn to textile services companies so easily for sanitary applications and barrier mats. In the margin of the stricter EU regulations, the industry hopes to reduce CO₂ emissions by 20 percent by 2020 (compared with 1990). By then, the industry also hopes that 20 percent of its total energy consumption comes from renewable energy. And energy efficiency must also increase by 20 percent. At the same time, our industry is already a great example of sustainable entrepreneurship and circular economy.”

In terms of trends, the ETSA president reminded the participants that we already are squarely in the future, but our emphasis will have to shift from our laundry processes to our customers.

Chris Sander, the CEO of the Johnson Service Group and the president of the British Textile Services Association, evoked the image of Titanic as she sailed out of European ports as a metaphor for his thoughts on Brexit. “The UK is perceived as a world leader. But in effect it only has a population of 64 million and its surface area is actually smaller than that of the American state Oregon. The textile rental sector accounts for an annual turnover of 1.6 billion pounds. The hospitality industry takes the largest share (600 million), followed by Washroom products. Workwear and Healthcare are about the same. Every week, a hundred or so companies take care of about 25 million items. Four thousand lorries return them to the customers. The industry has a workforce of about 25,000 people and spends 250 million pounds annually on the purchase of new textiles. One of the main challenges our British colleagues face is wage cost. The government has instituted a programme which requires wages to be increased. Trainees will also become more expensive in 2017. It is impossible to pass on this additional cost to customers. It is also becoming increasingly difficult to find suitable staff while growth continues to be the industry’s ambition. Another point for attention: the United Kingdom depends on nuclear power plants for its energy supply. Large companies must therefore switch to solar power or wind power to be self-sufficient. Otherwise they might find themselves without electricity by 2025. As is the case elsewhere, the industry must anticipate on what is yet to come, with more automation, by increasing efficiency and taking customers’ requirements into account more often. This can be achieved with better communication and by trying to better understand customers. The industry must also seek out new horizons.”

Mia Decaestecker – the CEO of Malysse-Sterima – represented the host country on this panel. She started by reminding the audience of the fact that Belgium spends 10.9 percent of its GDP on healthcare. “This is well above the European average but significantly less than in the USA. Most hospitals are government-owned and many of them are in debt. So they must find ways of reducing costs. On the other hand, in the long run, some hospitals will have to close and the remaining hospitals will have to work more closely together. As a result, textile service companies will sign fewer contracts, but they will be bigger. Hospitals will centralise their procurement, resulting in more standardised products and volume effects on pricing. Another obstacle is the Act of 2013, requiring public

hospitals to organise tenders for their procurement. Procurement is subject to a lot of rules as a result. Now that robotics and digitisation are standard practices in the healthcare industry, the textile services industry will have to follow suit, with technology becoming increasingly important. Nursing homes and assisted living facilities are also increasingly privatised. In short, textile services in the healthcare industry are very complicated. Currently only six companies still specialise in this branch. They are large companies, however, accounting for one fifth of the workforce in Belgium's entire textile care industry. The turnover in this branch increased by 40% from 2013 until 2015, but the profits decreased. As a result, this branch has less cash for some essential investments. These investments contributed to increasing the employees' productivity by ten percent in just two years' time. Further consolidation is the only way to really increase the profitability of these niche companies."

