

In Focus: Sustainability

BUSINESS

DBW Sets Sights on Sustainability Leadership

- Thomas Hebestreit, the chief executive officer of Royal Spirit Group, discusses textile production in Vietnam.

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In a move aimed at creating a more sustainable facility, Royal Spirit Group, a Hong Kong-based firm that specializes in the design, production and export of fashion apparel and accessories for global brands, strategically selected Ho Chi Minh, Vietnam as the new manufacturing base for its Deutsche Bekleidungswerke arm.

Its five-story, 18,000-square-meter facility opened its doors in 2016 and is the first LEED-accredited factory in Vietnam granted platinum status from launch. It also achieved platinum Lotus status from the Vietnamese accreditation system. DBW represents a \$25 million investment for Royal Spirit Group, with its clients including U.S. brand Carlisle Etcetera, Italian brands Patrizia Pepe and Versace Jeans, Korean brand LF Fashion and German brands Toni Dress and S&B.

Vietnam saw a 6.8 percent increase in gross domestic product during the year, according to the General Statistics Office of Vietnam. And, in 2017 there was a spike in Vietnamese manufacturing production, which rose 14.4 percent over the year.

Here, Thomas Hebestreit, the chief executive officer of Royal Spirit Group, talks to WWD about the growth of manufacturing in Vietnam, fashion sustainability and industry disruption.

WWD: Why is DBW considered a disruptor in the manufacturing space?

Thomas Hebestreit: I would rather call Deutsche Bekleidungswerke an “inspiration” in the fashion space, leading textile manufacturing to a better direction for the next generation. Our strategy for sustainability is in clear contrast with where the industry has been heading, namely prioritizing cost-efficiency and profit margins while disregarding preservation of the environment and the welfare of the people.

Instead, our business is built on the four pillars of reducing the environmental footprint, investing in our human resources, creating excellent products and contributing to communities through fair trade. If we are considered to be a “disruptor” by looking after the welfare of our people – to give just one example, by providing them with air-conditioned work places in the humid, subtropical climate of Vietnam – then we wear that name with honor.

WWD: Why was Ho Chi Minh City selected as the location for the DBW factory?

T.H.: My family has been in the textile and garment business for generations. After the Rana Plaza accident in Bangladesh, in which more than a thousand people died, it became my dream to transform the garment manufacturing industry into one in which safety, sustainability and a pleasant environment for workers is the norm. In contrast, the current image of the industry is one dominated by sweatshops.

We sought out a location with political stability, skilled workers and strong infrastructure. China has reached maturity

as a manufacturing destination and has become too expensive for many manufacturers. As a result, Vietnam emerged as the ideal alternative. In fact, we call Vietnam the “New China.” The country is a little bit like a start-up, with a young, ambitious population and vibrant energy. After extensive research, we found the perfect location in the Long Hau Industrial Zone just outside of Ho Chi Minh City.

WWD: How does DBW align its business model with the Vietnamese people, their culture and trends?

T.H.: In designing DBW, we explicitly chose to be mindful of Vietnam’s social, cultural and natural environment. The building itself, which was constructed from Vietnamese materials whenever possible, has double-platinum sustainability certifications from both U.S. and Vietnamese organizations and is state-of-the-art.

Our factory reflects the optimism and spirit of the city’s young and talented population. DBW employs mostly Vietnamese staff, all of whom went through an extensive training phase that postponed production for several months. We brought in senior-level consultants from all over the world to educate and train the local talent, but our goal is ultimately for the management to be Vietnamese. We have systems in place that make growth opportunities and career mobility clear and attainable for all of our employees.

Our level of commitment to the Vietnamese people and culture can be easily found in the details. We installed sufficient bike racks to reflect the city’s number-one preferred method of transportation.

Our canteen serves popular local dishes for employee meals. We created one of the only facilities in the country that is fully air-conditioned, and we even had our chairs ergonomically designed to maximize employee comfort. We want everything here to reflect the specialness of HCMC, including the personnel. For example, shortly after the factory’s official opening, the entire staff participated in a “DBW’s Got Talent” competition.

During our opening ceremony in November, we honored Vietnam with employees clad in traditional red and gold. Red is an augur of luck and used in most celebrations. Golden yellow was worn to symbolize prosperity and the vital bond between HCMC and Royal Spirit Group. It was a very special celebration that honored culture, innovation and the future that DBW represents.

WWD: Would you elaborate on aspects of the factory’s sustainability and explain how big a role sustainability plays through the facility?

T.H.: The DBW factory has been rated platinum by two governing bodies for sustainability, including the U.S. Green Building Council, LEED and the Vietnamese Lotus accreditation system. A lighting energy reduction of 50 percent is achieved with our use of LED lamps fitted throughout DBW. About 30 percent of our energy is supplied by renewable sources like solar energy. Our overall energy savings was increased by 44 percent due to building envelope improvements, which dramatically reduce heat transfer.

Our harvesting of rainwater results in a 40 percent reduction of outside water use for production machinery. Recycled water adds up to 12 percent of our factory usage, and 100 percent of our landscaping usage. Another green touch we are very proud of is our beautiful rooftop garden, located conveniently beside our employee canteen, where we grow the vegetables and fruit that are healthy highlights of daily menus.

WWD: What are some of the manufacturing technologies employed by DBW that differentiate its consumer products in the market?

T.H.: We are using state-of-the-art and safe technology throughout our entire factory. The production lines incorporate best-in-class, cutting-edge machinery, such as the Stoll knitting machines that our skilled employees use to produce garments of uniformly high quality. Complet link machines yield superb, full-fashion sweaters. Bullmer provides flawless and fast digital cutting. Dürkopp-Adler sewing machines offer superior construction.

WWD: Are there any plans for further geographic expansion? What’s next for DBW?

T.H.: In addition to DBW, we have already expanded our operations in Vietnam with a new denim factory, Demco Vina. Like DBW, Demco is compliant with the highest environmental standards through water conservation and the reduction of harsh chemicals employed in their denim finishing processes. Their use of Jeanalugia E-Flow and Ozone machines, Jeanalugia and VAV Technology Laser machines and Tonello washing and dyeing machines puts them at the forefront of eco-friendly fashion. For further expansion, we are closely monitoring other regions in Vietnam as well as neighboring countries such as Myanmar and Cambodia. We believe these countries represent the future of modern apparel manufacturing.



The Deutsche Bekleidungswerke five-story, 18,000-square-meter facility opened in 2016 in Vietnam.

