

# *Denmor Garments (Manufacturers) Inc: Providing Employment for Women from Impoverished Rural Communities*

*by Melanie Richards*

---

*Eradicating extreme poverty and hunger as well as promoting gender equality and empowering women are two Millennium Development Goals at the forefront of Denmor Garments' business operations.*

*Denmor is a privately owned garment manufacturer operating in Coldingen, Guyana. Since its establishment in July 1997, it has grown from 250 to more than 1000 employees in 2006; 98% of whom are women from impoverished rural communities. Denmor not only provides employment, but also training and empowerment to elevate these women out of poverty.*

*This case explores the background and history of the organization's Founder, Dennis Morgan and looks at the challenges and opportunities encountered in his pursuit to establish a viable business operation, while at the same time developing, empowering and training women from poor rural communities to become self sufficient and sustainable.*

*The case study seeks to identify the organization's key constraints and innovations, together with its direct and indirect impacts on the communities. Its focus is on the organization's core business activities and how the approach to business operations also benefits the poor and the achievement of the MDGs. It reveals the major financial and human resource challenges encountered in establishing and developing Denmor Garments, and the innovative strategies employed to achieve success.*

**KEY WORDS:** *MDGs, gender equality, empowerment, community development, HIV/AIDS*

---

## *The Clothing and Textile Industry in Guyana*

Guyana's economy is primarily natural resource based with a heavy dependence on agriculture (rice, sugar, fishing, and forestry) and mining (gold and bauxite). Clothing and textile products contributed just 3 percent to total export earnings in 1999 and by 2003 had fallen to 2.7 percent.

Despite its small contribution to GDP, the sector is considered to be a valuable foreign exchange earner. With over 95

percent of clothing and textile exports in 2003 going to the United States (US), the sector provided total export earnings of US\$12 million. However, this high orientation towards the US market makes the industry particularly vulnerable to demand shocks in the US economy<sup>1</sup>.

The industry is structured in three tiers:

1. Garment manufacturers utilizing relatively up-to-date technology (e.g. Denmor)
2. Small garment manufacturers using more outmoded technologies

1. The Phasing Out of the Agreement on Textiles and Clothing: Meeting the Competitiveness in Guyana's Clothing and Textile Sector. Joint Report submitted by Ministry of Foreign Trade and International Cooperation and Commerce Division (Ministry of Tourism Industry and Commerce)

3. Micro-enterprises owned by independent designers specializing in hand-sewn garments

Within the industry, over 95 percent of exports are exclusively clothing exports in the following categories:

1. Outerwear, knitted or crocheted, not elastic nor rubberized
2. Under-garments, knitted or crocheted
3. Women's, girls, and infants outerwear, textile fabrics, not knitted or crocheted
4. Men's and boys' outerwear, textile fabrics, not knitted or crocheted
5. Under-garments of textile fabrics, not knitted or crocheted
6. Articles of apparel, clothing accessories, non-textile, headgear

## ***Remaining Competitive after the Agreement on Textiles and Clothing***

A number of regimes have governed trade in textile and clothing over the past three decades. The Multifibre Arrangement (MFA) was in effect for the period 1974-1994 and allowed countries (primarily developed countries) that were threatened by surges in imports to impose selective quantitative restrictions on textile and clothing. This agreement was a significant departure from basic GATT rules, particularly the principle of non-discrimination.

The Agreement on Textiles and Clothing (ATC) replaced the MFA in 1995 as a ten year transitional agreement

to progressively integrate the textile and clothing sector into the General Agreement on Tariffs and Trade (GATT) 1994. The ATC ended on December 31, 2004.

The end of the ATC means quota-free access for all developing countries exporting large quantities of clothing and textile products (such as China and India) into the developed markets (such as the US, European Union, Canadian and Norwegian markets).

Outside of this agreement, CARICOM countries<sup>2</sup> have benefited from several preferential agreements providing market access for textile and apparel products. One example is the Caribbean Basin Trade Partnership Act of 2000, which expires in September 2008.

According to a Working Paper produced by the Guyana Ministry of Foreign Trade and International Cooperation and the Commerce Division of the Ministry of Tourism Industry and Commerce, the effects of the phase out of the ATC were predicted to be threefold<sup>3</sup>:

### **1. Heightened competition in the US market**

Potential substantial increases in market shares for low-cost exporters such as China and India within both the US and EU markets, "countries with preferential access such as Guyana will lose market shares, especially in clothing products to the US market."

### **2. Increased competition in regional and extra-regional markets**

2. Caribbean Community and Common Market including Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago

\* The Bahamas is a member of the Community but not the Common Market.

3. Ministry of Foreign Trade and International Cooperation and Commerce Division (Ministry of Tourism Industry and Commerce) The Phasing out of the Agreement on Textiles and Clothing: Meeting the Competitiveness Challenge by Building Competitiveness in Guyana's Clothing and Textile Sector.

As competition is likely to also increase in other regional and extra-regional markets such as CARICOM, this may inhibit market expansion in the future, even as Guyana does not presently have substantial exports in this region.

### **3. Increased competition in the local market**

Low cost exporters such as China and India are likely to be able to more easily penetrate local Guyanese markets affecting local sales of Guyanese produced textiles and clothing.

It is within this framework that Dennis Morgan has managed to not only create a successful garment manufacturing operation, but also to employ and empower hundreds of women from impoverished rural communities.

### ***Dennis Morgan – “A Poor Boy from Enmore”<sup>4</sup>***

Dennis Morgan was the eldest of five brothers born in Enmore, Guyana in 1949. His father worked on a sugar plantation and his mother planted rice. The family lived in a loogieii (small mud hut with thatched roof), slept on jute bags and their main meal was rice and salt or bread and sugar water. In speaking with Dennis he says “ I am never ashamed to say where I come from; my roots; I take pride in doing that because I think that is what may have influenced me to do what I am doing”.

Despite the circumstances, all the children were sent to school. Like his brothers, Dennis wore no shoes, had one shirt and one pair of pants, and before school each morning he walked two

miles to tend to the family’s garden plot. Dennis was still able to excel in school and from 1st Prep to Standard 6 always placed 1st or 2nd in class. He went on to secondary school but was forced to drop out when he was in Form 3 because education was not free and his parents could not afford to send him. “We had to look at what were the priorities” he says.

To help sustain the family Dennis would do a lot of odd jobs; cleaning neighbours’ yards, building a chicken pen and even digging a pit latrine during the school vacation to buy school books.

During his school life, one incident stands out in Dennis’ mind, which he says really pained him, but he believes happened for the good, since it has always provided him with that “burning drive to move onward.” Dennis recalls his teacher putting him on a desk and scolding him for not wearing shoes. He was beaten and referred to as a “gutter rat” before being sent home and told not to return until he had a pair of shoes.

After explaining his dilemma to his father, they walked about 1<sup>1</sup>/<sub>2</sub> miles that night to beg a store owner to provide the family with a pair of shoes for him on credit for \$2.50<sup>5</sup>. Dennis got his shoes. After putting them on the next morning for school, he fell and bruised his knees having never worn shoes in his life. He went to school with his shoes over his shoulder only wearing them when he was sitting down.

Dennis says that this story really tells where he came from, and recounts his own personal experiences with poverty, one of his main drivers for wanting to work with the poor.

4. Quoted from Stabroek News, May 01, 2002

5. Guyanese Dollars. Exchange Rate: Guyanese dollars per US dollar – 200 (August 2005)

## ***Introduction to the Garment Industry***

In 1963, after dropping out of secondary school, at the age of fourteen, Dennis was offered a job by one of his father's friends in a garment factory - Lysons - which at the time was the largest in the Caribbean. The position involved sweeping the factory floor, cleaning sinks and toilets and performing other odd jobs as needed. Dennis did his job with pride and dedication and earned a wage of G\$18.00 per week, of which G\$13.00 was used to cover the cost of transportation to and from work. The balance (G\$5.00) was given to his mother to contribute to household expenses.

Dennis worked with the company for many years. His boss recognized his initiative and slowly assigned him additional tasks, allowing him the opportunity to grow and develop. He was trained in the mechanical section, and eventually moved into the sewing section. From here there was no stopping him; Dennis persevered and by 1979 was eventually moved into the sales division.

After the death of the owner in 1982, the company collapsed and was eventually closed. By this time Dennis was the Company Secretary and Director.

*“From ground zero, and I met people there who were there for 15 and 18 and 20 years and I passed them...because I always challenged myself to do something better”*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

Dennis moved on from Lysons, forming a partnership with a well known entrepreneur called Mr. Beepat, and together, in 1986 they set up a company to manufacture and sell garments.

Dennis was the minority, non financial partner. After 10 years of operation, Mr. Beepat decided that the retail side of the business was more profitable and that he wanted to discontinue the manufacturing operations. There was an amicable agreement to dissolve the partnership. Despite the fact that Mr. Beepat offered Dennis what appeared to be a lucrative position in the retail division, Dennis saw this as an opportunity to take over the manufacturing operations and open his own organization.

## ***Going It Alone – The Great Challenge***

*“This is where the great challenge came into my life because it was a big step now from being employed or in partnership to making the stride to go on your own”*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

Dennis was haunted by the fact that the people he employed in the factory would be out of a job and that close to 250 workers would be sent home. He believed it was now a question of principle, given where he came from. He could not bear the thought of having to tell the employees that the operation would be closed.

After studying the situation and praying about it, Dennis asked Mr. Beepat to work out some terms and conditions for him to take over the operations of the manufacturing division and to give him six months to establish another location for his operations.

Dennis admits that he “could be considered crazy” - he had no money and certainly no idea how he would fund the

establishment of a new factory having neither land nor building.

## ***Government Assistance- The Only Option***

Dennis decided to approach the then President of Guyana, Dr. Jagan, whom he had come to know quite well, about a new industrial estate that was being opened in Coldingen.

Dr. Jagan set up a meeting with the then Ministers of Finance and Trade, who agreed to allow Dennis to have a plot of land in the Coldingen Estate. He explained to them that he did not have the money for the down payment required. However, given their knowledge and understanding of the industry and the numbers and types of people it employed the politicians advanced him the land on his commitment to pay for it when he had the money.

The land was only the first step, financing a new building was the next challenge. Dennis had approached the bank for financing and while the application was being processed, he made an agreement with a builder whom he had known for a number of years to construct the building on the property without the required 30 percent deposit.

At every stage Dennis relied on his character and relationships built with people over time to make his dream a reality.

*“Whatever I do I do above board and my word is always my honour”*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

By this time the bank had completed all their feasibility checks on Dennis’ project and sent the details to the parent

company in Canada for final approval and release of funds. But it was not to be; the bank informed Dennis that his financing was not approved at head office as the garment industry is “highly risky” and the bank was not prepared to underwrite the loan.

At this point Dennis was devastated “that was a big bomb for me, it was like an atomic bomb”. It was for him the end of the world, given the level of commitment he had made to the government, employees and other creditors. He once again returned to the government, calling on the office of the Minister of Trade for assistance.

The Minister of Trade contacted the Minister of Finance (who would later become the President) and explained the situation. At this time, in 1996, the Government was the majority shareholder of the National Bank of Industry and Commerce (now Republic Bank), and they contacted the President of the Bank and asked him to finance the project.

## ***Denmor Garments (Manufacturers) Inc***

From humble beginnings, the project was finally underway and Denmor Garments (Manufacturer’s) Inc. was officially opened by Dr. Jagan’s wife (who was then the Prime Minister) on July 3rd 1997; the President himself having passed away four months earlier. The plant was dedicated to the Memory of Dr. Jagan.

The factory opened with the same 250 employees from the previous organization, and today employs over 1000 persons (see Table 1). Throughout its existence the number of women employed at Denmor

has consistently exceeded ninety-five percent.

**TABLE 1 - NO. OF EMPLOYEES**

Year	Approximate No. Of Employees
1997	250
1998	400
1999	450
2000	500
2001	600
2002	700
2003	750
2004	800
2005	900
2006	1000
2007 (est.)	1150

Source: Denmor Garments (Manufacturers) Inc.

Denmor produces high quality garments for export, primarily to the US, and in a highly competitive environment, has created a niche for themselves. The geographical proximity of Guyana to the U.S. market together with “efficient production systems allows Denmor to respond to relatively small or rushed orders without sacrificing quality, something manufacturers in Asia are less able to handle”<sup>6</sup> Using sea freight Denmor’s products can reach the U.S. in about 10 days; far quicker than products coming from Asia and India. Rush shipments are also made by air when requested, which takes one day.

Further, the employees are all cross-trained so that everyone is familiar with and able to operate machinery at each step in the production process. This further enhances the ability of the workforce to respond to rushed orders and tight deadlines.

With over US\$250,000 spent annually on training and the employees enjoying a comfortable work environment and

many fringe benefits, the workforce is highly motivated and retention is high. Denmor’s emphasis on human rights and high labour standards improves the productivity of the workforce and put the organization in an excellent position in the eyes of their international clients who are increasing their emphasis on human resource management practices.

The organization manufactures garments for top US brand names such as Victoria’s Secret, Russell Athletics, Wal-Mart and JC Penny. It is known for its high quality and in 2001 was awarded the Russell Athletic Quality Recognition Award for achieving the goal of 2 percent Acceptable Quality Level (AQL) and continues to remain within this goal.

### ***Overcoming the Challenges of Working with Women from Poor Rural Communities***

The inherent challenges of operating in a highly competitive industry are further exacerbated by more specific limitations encountered when working with women from poor rural communities. Denmor has embraced these challenges and come up with some innovative means to deal with them.

#### **Unskilled Labour Force**

Dealing with an unskilled labour force is a significant challenge for Denmor. With no skilled labour available, Denmor has to train all new employees from “zero”, and Dennis reports that 95 percent of employees have received training in the various areas of the operations of the factory. This often competes with striving to increase efficiency levels and meeting delivery dates. However, the organization is committed to working with the poor,

6. Doing Business in Guyana – Guyana’s Investment Guide 2006, page 21

and makes this sacrifice, although it often translates into lower profit margins resulting from the high costs of training.

*“If profit was the only thing then certainly we would say just abandon it because maybe those people who are good economists and accountants would say in terms of what you are putting in and what your returns are, it is not viable – shut it down”*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

Despite the heavy investment in training, both in terms of time and money, Denmor does not require employees to sign training contracts. The company believes that rigid industrial relations do not work when dealing with the poor and the labour force is not unionized. Training is provided at all levels, and many women who started with no knowledge of the industry and no work experience now hold supervisory and management positions.

### **Access to Transportation**

The majority of the workforce at Denmor comes from poor rural communities as far as 60 miles away. Getting to and from work is therefore a major challenge, both in terms of affording the cost of transportation and reliability of service.

To overcome this challenge, Denmor invested in a number of buses that pick up employees in their communities in the morning and take them back to their homes at the end of the work day. This service is provided at no cost to the employee.

### **Illiteracy**

Although the UNESCO Institute for Statistics reports literacy levels in Guyana to be well above regional averages - in

the high 90 percent range - many of the garment workers employed in the factory can neither read nor write. This presents a challenge in understanding labels for garments, reading sizes, and even signing for weekly wages.

Denmor does not operate any formal literacy programs for its employees however the company teaches its employees to read and write to a level that allows them to perform their job functions: writing their names, counting, reading labels and garment specification.

### **Health and Wellness**

Health and wellness, including personal hygiene, are issues that many of the women who come to work in the factory are not aware of. Fellow female employees, usually line supervisors, provide practical guidance in the area of personal hygiene and grooming including use of anti-perspirants, feminine hygiene and hair care.

Denmor has an active occupational health and safety committee which is required by legislation; however, this committee has also taken on responsibility for the company’s participation in the USAID-GHARP<sup>7</sup>. Denmor is one of 20 private companies in Guyana that signed a Memoranda of Cooperation with the project “to commit to help protect employees in workplace through a variety of education and training initiatives and develop programs to meet employees and community needs in several HIV/AIDS service delivery areas”.

### **Social Issues**

Social issues, including domestic violence, welfare, and child support matters tend to be prevalent among women from poor rural communities; and problems at home often affect the

7. Guyana HIV/AIDS Reduction and Prevention Program (GHARP) is USAID’s five-year plan to reduce HIV/AIDS in Guyana.

employees' performance at work.

Denmor invites representatives from the Ministry of Social Services and various other agencies such as Pan American Health Organization to speak to the women on issues that affect them. Paid time away from work is provided for these sessions. Further, the company provides one hour a week for employees to attend a voluntary religious service held on the compound. Religious leaders from various faiths are invited to talk on morality, how to be God-fearing and how to live a charitable and disciplined life. These sessions are voluntary however attendance is usually about 80 percent of staff.

*"We believe that if we can inculcate in them this kind of behavioural pattern then they can be good people and live great decent and disciplined lives and this can impact in their homes, on the community and on society as a whole"*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

## ***Partnering for Success***

In nine years of operation, Denmor has had to innovate to ensure its continued success and growth. Its customer base has expanded to include clients like Ballet Makers Inc. who produce the Capezio line of body wear.

### **Paris Accessories**

Expanding the customer base is something that Denmor could not do alone. In 2003 Denmor entered into a partnership arrangement with a US-based company, Paris Accessories, who provides marketing and financial support to the organization. Denmor has had a long working relationship with

this company and together they formed Guyana Apparel Inc. (GA) that acts as a middle man in securing business for Denmor, and makes a return on the business it brings in. Based in the US, the proximity to the customer base makes it easier for GA to pursue opportunities for Denmor.

Additionally, GA often finances the purchase of equipment that Denmor requires from US suppliers. This arrangement has proven to be very successful in securing business for Denmor and Dennis has described it as a "win-win" arrangement.

### **Guyana Office for Investment (GO-Invest)**

GO-Invest is a "partner for facilitating the execution of new investment and export plans"<sup>8</sup> and has been a strong supporter of the efforts of Denmor. It is Guyana's primary investment and export promotion agency and is divided into two divisions, one responsible for Investment Facilitation and the other for Export Promotion. Even with the garment industry being outside of the governments' list of "industries showing growth potential", CEO Geoffrey Da Silva says that one reason why Denmor is so important to them is because it "mainly employs young women, many of whom are coming from a lower education background and low incomes and gives them opportunities".

GO-Invest has facilitated technical assistance out of Canada for Denmor to provide training in the area of fabric cutting. This has allowed them to move from simply assembling cut pieces to receiving patterns on email and doing all the cutting in-house.

GO-Invest is also working with Denmor to support and finance the provision of

8. Doing Business in Guyana, Guyana's Investment Guide 2006

training programmes, particularly in areas such as sewing machine repairs and other support services. The training will happen on site at Denmor's factory, provided by both local and foreign trainers.

For the past three years GO-Invest has been working with Denmor to establish a second plant in Berbice. A piece of land was identified for this project and provided at a very concessionary rate to Denmor. Further, a loan for G\$ 30 million (about US\$150,000.) has been made available for the construction of the plant. After significant delays related to market conditions and construction material shortages, the new plant is set to open in 2007 with approximately 100 employees.

When the idea for the new plant was conceptualized three years ago, Go-Invest held discussions with a number of women's groups in the area who are involved in elementary sewing classes to alert them to the establishment of the factory and the opportunities for employment. To build up a relationship with Denmor, GO-Invest also financed the cost of transportation and meals for approximately 25-30 of these women to spend time at the Coldingen Factory to understand the workings of the plant and become familiar with the environment.

### ***Optimizing the Impact on the Poor***

Denmor continues to demonstrate its commitment to the poor, and owner Dennis Morgan is always looking for new ways to engage them through his operations. He has embarked on two initiatives to engage the poor, the satellite program, and Denmor stores.

### **Satellite Program**

Through the provision of machines and technical assistance, Denmor has facilitated the establishment of four small factories in the communities of Betterhope, Georgetown-Charlotte St, Lusignan and Anandale. These factories act as subcontractors for Denmor and provide employment for persons who live within walking distance. They have adopted the same model of hiring poorer women from the communities.

The establishment of this program was quite challenging and some of the initial attempts were unsuccessful and resulted in financial losses to Denmor. This was primarily due to poor management and lack of commitment on the part of the subcontractors which resulted in Denmor having to identify other subcontractors who demonstrated the level of commitment required.

### **Denmor Stores**

Denmor Stores is the newest addition to the Denmor Group; a chain of retail stores in poorer communities.

*"We believe we can produce our own products and sell them to the people in these communities at a more affordable price, taking it to them rather than them having to go to the city."*

Dennis Morgan Mudlier Chairman/  
Managing Director, Denmor

The first of these stores opened on December 1, 2006 and is seen as a way of diversifying away from the volatile US market by establishing a local market. As these retail outlets grow they will not only provide jobs for the management and operation of the stores but also increase employment in the factories at the manufacturing end. Denmor plans to open three stores by the end of 2007.

## ***Personal Successes***

The efforts of Denmor have not gone unnoticed and Dennis Morgan has received many awards for his achievements including the Golden Arrow of Achievement Award in 1996 (the nation's third highest award) and the Ernst & Young Caribbean Entrepreneur of the Year Finalist Award in 2001 and 2003.

Despite what may be described as a successful career, Dennis Morgan still has big dreams for the future of Denmor. He wants to develop his own private label which he plans to market to the Caribbean diaspora in the US and the Caribbean.

Given the opportunity to start over, Dennis says he would do the same thing all over again and identifies his key success factors as:

- Putting your God in front;
- Living a good family life;
- Integrity;
- Having a dream; and
- Perseverance.

## ***References***

*Doing Business in Guyana, Guyana's Investment Guide 2006*

Ministry of Foreign Trade and International Cooperation and Commerce Division (Ministry of Tourism Industry and Commerce). *The Phasing out of the Agreement on Textiles and Clothing: Meeting the Competitiveness Challenge by Building Competitiveness in Guyana's Clothing and Textile Sector.*

Morgan, Dennis. May 1, 2002. *Stabroek Business Profile*

UNDP, 2005. *The Millennium Development Goals and the Private Sector – The Caribbean Business Experience*

## ***Interviews***

Da Silva, Geoffrey, Chief Executive Officer, Guyana Office for Investment – November 10, 2006

Morgan, Dennis, Chairman/Managing Director, Denmor Garments (Manufacturers) Inc – November 8-11, 2006

Rogers, Roger, W., Programme Analyst, UNDP Guyana, November 10, 2006

Various factory workers at Denmor – November 8-9, 2006