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OPERATIONS CASE STUDY

Bespoke business plan would suit tailor

Small is not a size that fits with Harold Rose's ideas for his made-to-measure clothing company, says **David Sumner Smith**

SOME men prefer to have the left arm of their suits slightly shorter than the right, according to Leeds-based tailor Harold Rose. It allows others to see their Rolex watches more easily.

Unmatched cuff lengths are one of 130 variables in the shape and style of a man's suit. Mr Rose has seen just about every possible combination since he started 40 years ago. "My father became a tailor when he left the Army in 1945," he says with pride, "so I was born to be a tailor."

Mr Rose has been through many ups and downs in the business. Tailoring is not a lifestyle business for him; it is a way of life. But running a successful business is difficult in an industry that is only one-hundredth of the size it was 50 years ago.

His father had 250 staff in three factories producing 2,100 suits each week, of which 800 were made-to-measure. But the firm was grappling with a sustained decline across the industry and by 1972, when Mr Rose took over, the number of employees had halved. Production was restricted to off-the-shelf suits and trousers sold under customer names such as Harrods, Cecil Gee, Michael Barrie and Lord John.

Mr Rose sold the business to a Manchester-based rival 20 years ago and moved into corporate clothing, building up a business employing 15 staff. However, cheap imports squeezed profits.

"I repeated the same mistake," Mr Rose admits. "No matter what the market wanted, I was never prepared to compromise on quality." He shut the business in 2003 but, aged 60, was not ready to hang up his tape measure. "I enjoy the industry and I take pride in my products," he says.

Going back to his roots, he set up Master Tailor, a business producing made-to-measure suits. He is too ambitious to continue as a one-man band and is searching for an operational structure which will permit growth.

Most of the company's sales leads are generated by personal recommendation or through its



Tape of the tape: Master Tailor managing director Harold Rose measures up a client. His personal service has seen annual sales of the firm's bespoke suits on target to hit £150,000

website, mastertailoruk.com. Mr Rose pays an average of £250 per month for pay-per-click advertising through search engines.

An initial meeting and measurement typically lasts one to two hours, but takes place at the customer's home or office, adding costs in terms of time and travel. "I invest time into learning exactly how my customers like their clothes," says Mr Rose, who drives 25,000 miles a year with his hundreds of fabric samples. The investment pays off. The

repeat meetings result in sales in 97pc of cases, with customers paying an average of £527 per suit and half of the clients give repeat business.

Mr Rose does not make the suit himself, but subcontracts to a German firm. The cutting is automated and the suit is sent to Master Tailor for final fitting.

He is dismissive of cheaper suits produced by rivals in Asia. "We embrace 21st century cutting technology to ensure accuracy and consistency," says Mr

Rose. "I can't imagine giving a customer something I would not wear myself." To less expert eyes, the convenience of the location for measurement and fitting may be more important.

Master Tailor uses a simple pricing model, adding 150pc to the cost charged by the German producers. Cashflow is healthy, with half the cost of a suit paid on order and the remainder within 30 days of completion.

Mr Rose expects sales to reach £150,000 this year with growth

driven by repeat business, new customers and expansion into made-to-measure shirts and ladies' tailoring.

However, operating on his own, Mr Rose sees the business having maximum sales of £200,000 and turning his personal service into a bigger business is a challenge.

Using his industry contacts, Mr Rose can obtain imported suits for sale at about £150, with order fulfillment subcontracted to specialists. He believes an investment of £20,000 would be enough

to establish an online business. Mr Rose has other ideas about how to build demand. Offering ladies' tailoring will allow him to target professional couples, and he is also talking to several corporations about providing tailoring services for company directors gathered at board meetings.

Like a made-to-measure suit, the business fits around Mr Rose. Unless he can build a business structure that allows him to expand, Master Tailor will be confined to a single size: small.

EXPERT VIEW

Clive Lewis
Head of SME Issues,
Institute of Chartered
Accountants England
and Wales

Harold Rose is Master Tailor and his expertise and personal service are what customers buy.

He plans to grow the business by developing his product line and expanding into Europe. Before doing that, Mr Rose should consider his business particularly in relation to how he can optimise travel times to maximise revenues and profits.



He should not rule out Far Eastern production if it increases his margin.

Mr Rose is an experienced businessman. He needs to sit down with his accountant and work out the costs, rewards and risks associated with each alternative growth strategy in the context of his objectives. Does he have any plans to retire? Is he seeking to realise a capital value from the business? Or does he want to hand it on to a family member?

Ultimately, his personal service and reputation are core to his existing business and should not be jeopardised in the pursuit of growth.

Kim Fletcher
Business Adviser,
Business Link Kent

E-commerce opens up a range of opportunities for Mr Rose. Forming a second brand online, selling ready-to-wear clothing, will allow him to continue his personalised service, while growing the business.

Using e-commerce techniques, such as e-marketing to build awareness of the online shop and e-supply chain management to streamline operations, will be critical. Effective management of the second brand is important, as the



reputations of both businesses will be closely entwined.

Information on his customers is one of the benefits that e-commerce offers and can complement Master Tailor's personal service. Profiles can be built for each customer so that the business can provide the closest off-shelf equivalent to a customised suit as possible. Not only would this create a unique product but would also offer a fantastic selling point.

With links on each website encouraging cross sales between both brands, Master Tailor will be able to grow in size and retain its high standards of service.

Ian Morrison
Senior research adviser,
British Chambers of
Commerce

Deciding how to take the next step in growing your business is a crucial question. More important, perhaps, is the question "when?" Ensuring the business is able to service its existing customers while time is diverted to developing new staff or new products can be a tough challenge to master.

This business clearly relies on Mr Rose: his personal service, his enthusiasm and his



knowledge. While he probably earns enough and may not need extra money, being driven instead by a pure desire to be a tailor, that talent and enthusiasm could rub off on other staff and make his business several times its original size.

Potentially, Mr Rose could set up a franchise arrangement across the U.K. in different regions to provide the same service that he currently does to a larger number of customers. This would enable him to reduce the amount of travel while increasing his revenue and retain a hands-on approach to the tailoring, quality and materials of his business.

OUTSOURCING

British firms look to the Far East to slash manufacturing costs

By Paul Bray

SUBCONTRACTING has been commonplace in the manufacturing sector for generations, but today firms may consider Beijing or Bangalore in preference to Birmingham or Bradford.

The chief attraction is price, which can be as little as one third of the UK equivalent for high-volume, labour-intensive production. Foreign wages are so cheap that this still leaves suppliers enough margin to invest in the latest manufacturing techniques and skills that are no longer plentiful in the UK.

Outsourcing also enables businesses to minimise capital costs

and be more flexible, says John Grange, manufacturing advisor at Business Link for Sussex. "If you're truly driven by your customers you have to be able to change your products to meet their needs," he says. "But if you've just invested £1m in an aluminium cutter, you can't easily switch to plastic."

Eastern Europe is strong in electrical and mechanical engineering, although it is becoming more expensive. India is famous for software and control systems.

But according to Martyn Hart, chairman of the National Outsourcing Association, most UK manufacturers plump for the Far East: notably China but also Sin-

gapore, Malaysia and Vietnam. When selecting a supplier, says Mr Grange, you've got to get local knowledge. "You have to know whether the suppliers are just two guys in a garage or a substantial factory," he says.

The government agency UK Trade & Investment offers help and advice to would-be outsourcers, and liaises with British embassies and high commissions to organise research on local markets or companies.

Don't sit back after signing the contract, warns Mr Dunn, because the transition phase is the most critical. Inviting the suppliers to visit your UK operation may help them understand your needs.

FCO and DTI merge to assist overseas trade

UK Trade and Investment brings together two parent departments: the Foreign and Commonwealth Office (FCO) and the Department of Trade and Industry (DTI). The name reflects its two main aims: to help UK firms trade overseas and assist foreign companies to invest in the UK. It employs staff in embassies and helps UK firms attend international trade shows. Go to www.uktradeinvest.gov.uk

"The key thing is the quality of information you give them," says Mr Grange. "Often firms have a set of engineering drawings but they no longer strictly follow them." A pilot run is therefore desirable before going into mass production.

Then watch the consistency, Mr Grange advises: "Sometimes the first batch is excellent and the second is OK. But by the third, quality is starting to tail off."

Mr Dunn says that UK firms are more likely to suffer from small glitches than from the major disasters many of them worry about, such as geopolitical catastrophes, copyright theft or serious cultural mismatches.

Cultural differences can be overlapped, although it is true that some eastern cultures find it more difficult to say no or admit to ignorance.

Intellectual property is certainly less secure in developing countries, and if someone poaches your ideas gaining legal redress can be difficult. One safeguard, says Mr Hart, is to split confidential projects between several suppliers.

However, offshoring can aid confidentiality, Mr Hart adds. "In the UK manufacturing sector everyone knows everyone else. But if you have a brand new product made overseas, no one here will know until it hits the shops."

SECRETS OF SUCCESS

Ex-BA director takes design agency up to new heights

TONY Marwick had a long career with British Airways, ending up as managing director of BA Japan. His career flight path changed course abruptly when he moved to a similar role with Oakwood design agency in Bristol. He was in for a bumpy landing.

The agency was founded in 1995 by three designers. Their talents in creating brochures, websites, direct mail and point-of-sale materials had built up a



Tony Marwick: success

healthy business with sales of £2.4m. But profit margins were being squeezed and blue-chip management skills were needed.

Mr Marwick's arrival proved timely. Problems facing Oakwood's biggest client meant the agency lost half of its total sales almost overnight. "We had to market our way out of difficulties," says Mr Marwick. "Over the past four years we have built our sales back up from £1.2m to £2.9m." The 60-strong client list now includes names such as Land Rover, Comet, Hyundai, BP and Dorling Kindersley.

"In our industry there is a constant churn of clients," says Mr Marwick. "If you do not constantly bring in new business you fade away." Currently, 10pc of total man hours and 12.5pc of revenues are invested in new business development, and Oakwood employs a dedicated sales team backed up by senior directors.

The agency's recovery is "down to mindset," says Mr Marwick. "All of our 26 staff and 10 freelancers are constantly aware of the need to bring in new business. Everyone is always going for more."

The other secret of success has been to grow through acquisition. "Through buying another agency we were able to add new skills in packaging design," says Mr Marwick. "It also meant we brought in new clients, so the investment has paid off."

MEMBER BENEFITS

Seminars point way to better sales

TONY Marwick will be revealing more about how to sell your way out of difficulty at the half-day Business Club seminar "Secrets of Success in Boosting your Sales" at the Marriott Royal, Bristol on the morning of Tuesday March 28.

This is the first in a series of six seminars being held across the country. There will also be a series of three expert presentations, plus a "live case study" for delegates to work in teams to apply the lessons learnt. There is no charge for attendance for members of The Daily Telegraph Business Club.

To find out more and register as a member, visit telegraphbusinessclub.co.uk

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