

Masterclass

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FASHION FORWARD

Michael Lemner's ambitious plan to take New Look international

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In the world of 'fast fashion', local knowledge and flexibility are key to international success. New Look's Michael Lemner tells us why this suits him to a tee

“Retailing is like sport,” says Michael Lemner, international director of New Look. “It is on the move the whole time; it’s an unknown that you can never predict. The challenge is to try to do so. Like sport, retailing is about performance. The best team is the one with the best strategy – a flexible, adaptable team that works well together and reacts quickly, whatever the situation.”

New Look has been thinking on its feet since 1969, when Tom Singh founded it in Taunton, England, with a £5,000 loan from his parents. It is now the third-largest womenswear retailer in Britain, with 100 factories in 45 countries producing five million garments and 35 million accessories. In the UK, its closest competitors are high-street giants Top Shop, River Island, Next and Primark.

With sales of about £1bn in 2006/07, New Look has averaged 13% growth over the past five years. “It’s stable, year-on-year growth and that is important,” says Lemner. Now, the business is adding new stores to its portfolio and has its eyes on international expansion. Aware of the proven international success of ‘fast fashion’ retailers H&M and Zara, it aims to double its turnover and accelerate international growth. “New Look is a well-structured company with clear goals,” says Lemner. “It has been an excellent British fashion >>

» retailer with a strong concept and growing profits. Now we want to become an international retailer.”

Swedish, multilingual and quietly spoken, Lemner joined New Look three years ago. Tasked with taking the company international, his job is multifaceted: he led New Look's European launch in 2006; he is managing director to its second fashion brand, MIM, which operates 260 stores in France with 2,000 employees (“New Look and MIM are two different brands with no connection, except that the group tries to maximise the synergies,” explains Lemner); and he leads MIM's small London-based franchising team, which focuses on the Middle East.

Past lives

Lemner believes that his strength lies in his experience. Now aged 50, he has lived and worked all over the world. Prior to joining New Look, he ran distribution for lingerie manufacturers Hop Lun in Hong Kong. Before that, he was with H&M for 17 years, where he launched the brand in France, Belgium and Asia. “I like to work with people and am fond of a challenge,” he says.

Lemner has seen his role become more complex as more companies set their sights on international retail, thereby increasing competition. “Globalisation means that fashion has become more international,” he says. “People are more informed and the trends are similar. These days, the message is out in the same second around the world.”

Today, New Look has come a long way from its original roots. Always aiming for step-by-step growth, Tom Singh expanded his value-priced fashion brand throughout southwestern England and by 1988 had opened 46 stores in the UK and a store in France. By 1990, he owned 70 stores, having pushed the brand out to Britain's provincial towns and recruited non-family management. For the next five years, New Look saw growth rates of about 50% per year, while its profits increased by 80% in the same period.

Singh's goal, however, was to develop the business from its 200m² ‘little white boxes’ selling womenswear

to bigger stores with a complete fashion offering. To fuel the expansion to the high streets of Britain's cities and to allow his parents to realise their initial investment – worth 50% of the company – Singh successfully floated the company on the London Stock Exchange in 1998.

In 2000, New Look launched Inspire, a range for larger women. Three years later, it merged its existing 27 retail stores in France, took over the ownership of MIM (a privately owned French womenswear retailer) and opened stores in the Republic of Ireland and a flagship store in London. By 2003, New Look was reporting sales turnover of £643m, of which £571m was generated by UK sales.

Having flirted with the stock market, Singh decided he wanted his company back. In 2004, backed by the management and private equity houses Apax Partners and Permira, he bought out the business in a £700m deal. Phil Wrigley took the role of chief executive, where he remains today. It is said that, since New Look went private, the financiers have doubled their money.

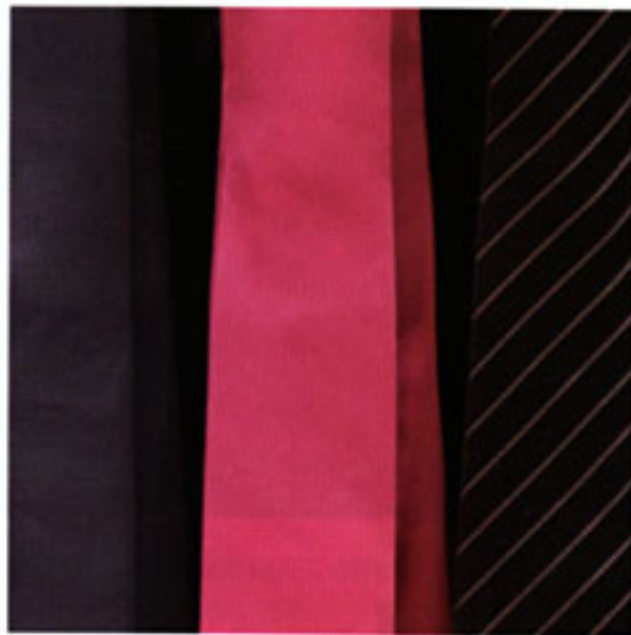
Since the buyout, Singh's concept for a ‘new look’ New Look has gathered pace. Store sizes grew: most are now about 1,500m². The company has successfully launched a menswear line, Generation 915 for girls and, more recently, children's clothes.

“No one is too young or too old for New Look,” says Lemner. “In the UK, we have 4.3% of the 35- to 40-year-old women's market and about 3% of the 46- to 50-year-old women's market.”

They may court a diverse range of customers, but Lemner says that

New Look's international brand identity is clear. “We have a consistent message in terms of offer, price and communication. Consumers in all regions profit from the same offer and the same value.

“We do not use different price strategies in different markets, but there are differences of cost, such as VAT. Essentially the base product is the same, but there are regional differences,” he says. Knitwear, for example, is an important product in France, but less so in the UK. In Dubai, New Look's franchises sell more summer clothes. Then there are consumer demands such as different sizing models: French women are a size smaller »



“It is extremely important to know the market, and you won't know it until you have been there”



Michael Lemner believes strongly that a store's offering should be adapted – but not changed – to suit local markets

» than their British counterparts. "It is extremely important to know the market, and you won't know it until you have been there," says Lemner.

His expansion tactics have served him well: research and understand your customer base – go in with different types of tests and react quickly to the results. Once your concept is working, have a clear strategy as to how you want to develop the market and understand how each market works. In France, he says, hypermarkets are important, but in Germany they hardly exist. There, shopping is about smaller stores in town centres.

"You have to have local people and local knowledge, together with a very clear concept that is easy to copy and roll out," says Lemner. "A lot is about scale."

Building loyalty

Founder Tom Singh believed in developing close partnerships with important suppliers and Lemner has continued this working practice. "It is essential for swift reaction and adaptation," he says. "At the same time, you need to look for new regions

£1bn
New Look's sales
in 2006/07

and new supply bases. We are currently reinforcing our presence in Turkey, where they have developed great fashion-production skills."

The challenge, he thinks, is to get the best out of each market. Each region has advantages in terms of price and quality and some countries are especially good at producing certain items. "It comes down to having local knowledge," he says.

Another international challenge is employing people with the necessary experience. Then there is the logistics set-up. "You can find the right stores in the right location and the right conditions, but you have to understand how you communicate," says Lemner. "Each market is still relatively different and each area has its challenges."

For both Lemner and New Look, the biggest challenge is the complexity of the international market and the need to be good at so many things. "Understand the concept centrally, then adapt it – but do not change it – for the local market," he says. "Successful international retailing should follow the 80/20 rule: do 80% the same way everywhere and adapt 20% to the local market." ~