

Key Elements of a Successful Fashion Business

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How do you measure success?

If you measure success by how famous you are, then a very small number of new fashion designers will be very successful.

If, however, you measure success on how much your business earns, then many new designers could be successful. There may be varying degrees of success, of course, and there are no guarantees. And, in fact, a lot of new designers don't make a success of their business.

Business is risky, and fashion can be riskier than others. But, as with all businesses there are certain things that successful businesses have in common. This article explains some of the things that a successful business does to reduce the riskiness and increase the chances of success (and, if you are lucky, maybe fame as well).

The elements of a successful business.

The trouble with running a business is that you have to be able to cope with all the things that a business does. If you get one big thing wrong then, however good the rest is, you could be struggling.

For example:

- you may have a fabulous range that everybody likes, but if the price is wrong you might not get any customers;
- or, you may get a large order from a major retail outlet, but if you haven't got enough cash to pay for the production you can't take it on;
- or, you have a brilliant design and plenty of customers, but your manufacturer lets you down and you don't deliver on time.

The main elements that you have to get right are:

1. **Product** – you have to have designs that someone wants to buy
2. **Sales & Marketing (including price)** – you have to be reaching the people who want to buy your designs, and your prices have to be what they are willing to pay
3. **Production** – you have to be able to make your garments at the right time, to the required quality, and at an affordable cost
4. **Finance** – you have to have the cash you need to pay for the sampling and the production and to finance the shows, photo-shoots etc that you have decided to do in the sales & marketing bit
5. **People** – successful businesses have good people

The good news is that you don't need to be an expert in every aspect of these elements. But you do need to know the basics so you can take good decisions. It would be useful if you were an expert in one of them – hopefully you are a great designer for example. For the others you need to have a understanding of the basics and you need to know when and where to go for help when you need it.

As your business grows you will become more and more familiar with all these elements and the more you know the more likely you are to be successful.

What might a successful business be doing right?

Taking each of these main elements in turn, a successful business would be looking at the following:

1. Product

Successful designs are created with a particular sort of customer in mind and are based on what the customer wants, not just on what the designer wants to give them.

Range planning is important – is it coherent, is it complete, are there enough pieces (and not too many)?

A lot depends on this element, so if you are not sure that you have got it then seek advice.

2. Sales & Marketing

Successful businesses spend a lot of time and effort on their sales & marketing. Annual marketing plans will identify exactly what promotion is going to be done and when – photoshoots, look-books, shows, PR, social media etc will all be planned out and costed.

As well as promotion, sales campaigns will be planned – target customers will be identified and how to approach them.

Some designers are naturally good at this, but don't worry if you don't have sales & marketing experience. Most people running their own business make excellent sales people because they know their product so well and are passionate about it.

The planning side of things can be boiled down to four heading called the 4 'P's – Product, Place, Price and Promotion. If you want to learn more about these, Fashion Enter are running a workshop on sales and marketing in July as part of the 'Be Business Ready' series – see details at the bottom of this article.

Price is worthy of a separate mention. You should always price your garments to suit what your customers will pay – too high and they will go elsewhere – too low and you won't make any money. So you need to do your homework on what similar garments are being sold for. You also need to make sure you can make money at that price (see finance section below).

3. Production

Finding the right manufacturer is essential. Managing the relationship with the manufacturer is also absolutely vital if you are going to be successful.

There are a lot of manufacturers in the UK and a high concentration in London (contrary to general opinion), but they are in great demand.

If you are looking for a manufacturer the two most helpful website directories are:

www.fashioncapital.co.uk – look under 'Industry' and 'Manufacturers Online Showroom'

www.fashionalliance.co.uk – look under directory

When it comes to managing the relationship you need to be professional and have clear specs and information. This is the subject of another Fashion Enter workshop – June 30th – as part of the 'Be Business Ready' series (see below).

4. Finance

All successful businesses have strong financial management. But you don't need to be a city whizkid to understand the basics of finance for small businesses.

The main things to understand are: how to work out your garment costs (materials + production + packing and carriage); how to work out your running costs (overheads), including marketing costs, development/sampling etc; how to make sure your price covers your costs; how to work out how much cash you need.

Good businesses create an annual budget at the beginning of each year and then monitor progress as the year goes on, so they can take good business decisions based on sound financial information before its too late.

This isn't as difficult as it sounds. There are simple tools and techniques that can be applied fairly easily – again there are workshops covering this in the 'Be Business Ready' series (see below).

5. People

People are very important. Having the right people can make the difference between success and failure. If you are going to employ somebody you can save a lot of time and heartache by recruiting carefully and making sure they are right for your business before you take them on.

You are also, of course, bound by employment law. Fortunately there is plenty of advice available for small employers. So do take advantage of this when the time comes.

In summary, there are a lot of things that successful businesses do to get it right. The basic skills and understanding can be learned.

Workshops

All of the elements mentioned above are covered by workshops run by Fashion Enter. All except 'People' will be covered in the next 'Be Business Ready' series.

For full details go to www.fashioncapital.co.uk – learning – seminars – Be Business Ready.