

1

DO IT YOUR WAY



'I know Green is not everyone's cup of tea and it's certainly not great fun getting on the wrong side of him, but it's hard not to find his sheer enthusiasm and energy for the business of retailing both infectious and endearing.'¹

Tim Danaher, *Retail Week*



Green and his wife Tina are estimated to be worth in the region of £4 billion; he's reported to have made the fastest £1 billion ever and he awarded himself the biggest dividend in British retail history, in 2005, of £1.2 billion. He has admitted in dozens of interviews over the years that whatever he does, he does it to make money, but he also works hard at being a first-class retailing entrepreneur. And he does it his own way.

Green doesn't have a formal business education, but he has a wealth of experience gleaned from working in the fashion business since leaving school. He has built up skills and knowledge of all aspects of the industry from the sourcing of zips and fabric, through manufacturing and importing, to the shop floor. And at all points he does his business his way – an approach that has made him a vast fortune.

A TOUGH OPERATOR

He has a reputation for being a tough operator, with boundless energy and a formidable temper. He's driven, ambitious and competitive, and likes things done his way. He's a hands-on boss who calls the shots. He surprises his staff by turning up unannounced – sometimes late at night – to check everything in his stores is as he wants it. He has an eye for detail and a feel for what people want. Many find his enthusiasm and passion for business motivating; others complain that he's unpredictable. But he seems to know his limitations; for example, he has admitted in interviews that he's not an expert in teenage fashion and not good on style, but he knows the value of having the right staff to fill the gaps in his own skills.



In October 2009, Green announced that pre-tax profits at the Arcadia Group – which includes Wallis, Dorothy Perkins, Burton and the jewels in the crown: Topshop, Topman and Miss Selfridge – had increased by 13% in the 12 months to the end of September 2009, despite the recession. He appears to own most of the trappings you'd expect a man of his wealth to have, and lives in London and in Monaco.

Green doesn't have a formal business education, but he has a wealth of experience gleaned from working in the fashion business since leaving school.

So how does he do it? A prominent businessman told me recently that he believes Philip Green is that rare thing – an instinctive businessperson who does things unconsciously. 'If you asked him,' he said, 'he probably wouldn't be able to tell you why he does some of the things he does. He just sets his sights on the end goal and heads straight for it, refusing to take no for an answer.' Maybe that's the only way to make the kind of money he's made. If you refuse to take no for an answer – refuse to accept that things can't be done – maybe people are forced to think out of the box, creatively, to come up with solutions in business that they otherwise wouldn't come up with.

The BBC's former Business Editor Jeff Randall reported in 2002 that Green had once said to him: 'You know how you feel about golf – well that's how I feel about retailing.'² According to Randall, who knows Green, he has few hobbies apart from the odd game of tennis. His business is his hobby. He does enjoy gambling, as in playing the tables at the casino, but as an entrepreneur he also seems to enjoy taking gambles on businesses that he thinks he can grab from the jaws of failure and turn into successes. In short, Philip Green is passionate about retail and that's probably what makes him so good at it in the eyes of his peers.



TO THE BUSINESS BORN

Being born into a business family probably gave Green a head start. His is not the fashionable rags-to-riches tale that so many entrepreneurs love to trade on and that the public laps up. As I've mentioned, his parents ran their own businesses and Philip helped out while he was growing up. He may not have realized it, but he was absorbing business skills and know-how.

With both parents as business role models, being in business and working for himself would probably have seemed natural. Going into business would probably have been his preferred option. Given his lack of achievement academically, it became his best and perhaps only realistic option for making a living.

As an entrepreneur he also seems to enjoy taking gambles on businesses that he thinks he can grab from the jaws of failure and turn into successes.

So business was a natural way forward for Philip Green and his mother's connections got him his first job with a company of shoe wholesalers. Neither of his parents was in the 'rag trade', but by 1968 – when Philip left school – the rag trade was undergoing a revolution. Fashion was beginning to be glamorous and in demand, but it was the young people who demanded it and then, as now, they needed fashion at prices they could afford. For most that meant at the cheaper end of the market.

Most of the clothes in the UK had been made in the UK until the 1960s, and were relatively expensive, but retailers who wanted to tap into the youth market had to look for ways to keep their prices down. They could buy what they wanted, cheaper, from overseas manufacturers, even allowing for the costs of importing the goods.



The wholesale shoe firm Green worked for when he left school did business with manufacturers in Hong Kong – so right from the beginning of his career, importing from the manufacturers would have seemed to him the most cost-effective way to do things. And he would have learned how to negotiate deals with manufacturers and buyers that kept both sides happy. It was to stand him in good stead and throughout his career Green has done many of his deals directly with manufacturers, cutting out the wholesale middlemen.

Throughout his career Green has done many of his deals directly with manufacturers, cutting out the wholesale middlemen.

From shoes Green moved to jeans and from there into the fashion trade, which is where most of his business career has been spent. He was lucky in that having a business background and already having some money helped him when he needed to borrow from the banks to get started.

With denim the fabric of the moment, and American jeans very popular but expensive and out of the reach of many young fashion-conscious denim wearers, Green spotted a gap in the market. He brought jeans in from factories in Hong Kong where they were being made much more cheaply. He could spot the designs that people were likely to want and had them made up in Hong Kong. In 1981 he tried out his celebrity-branded 'Joan Collins' jeans. It wasn't one of his better ideas. He may have been an astute businessman, importer and negotiator, but he appears to have failed as a judge of what young people would consider 'cool'. Young shoppers in search of jeans didn't want to be associated with the middle-aged Joan Collins. What had worked well in the States with the actress Gloria Vanderbilt in 1979 failed dismally with Joan Collins, and the jeans had to be sold off at big discounts. The company



followed the jeans into obscurity. It was one of a few business setbacks for Green but he always had several other ideas in the pipeline, so there was no time to wallow in despair – he just bounced back and got on with the next venture.

By the age of 30 Green had shown many of the traits he's still known for today: his ability to do deals, a capacity for bouncing back from setbacks, that sheer enthusiasm and energy, determination, passion and focus, and the ability to spot an opportunity. And the recession of the early 1980s gave him plenty of opportunities – to go into the retail side of the business and challenge the established way of doing things.

GRAND DESIGNS

Green found a lot of shops were closing down as landlords struggled to re-let them. Closing shops had to get rid of stock fast and were willing to sell at rock bottom prices. People were buying cheaper clothes and the shops selling designer labels were particularly badly hit. It was another winning combination for Green. He heard about stock for sale from ten shops that were closing down and he bought it cheap. Rather than just sell it on to retailers, he bought a shop in New Conduit Street (a much more upmarket area of London than the wholesale trading area he'd been used to) and sold his discounted designer label clothes from there – to the outrage of upmarket shops around about still open for business.

His next shop was on the even more upmarket New Bond Street. He bought the lease and stock, and sold the lot at knockdown prices in a week. He went to Italy for more, piled it high, sold it cheap and had queues in the street. Nothing about his venture made him popular with the surrounding retailers. He was selling high quality,



designer label fashion for street market prices from a shop called Bond Street Bandit. That word 'Bandit' just about summed up how his fellow retailers in the street felt about the upstart Green.

At the time the big design houses allowed only exclusive boutiques to sell their clothes, a policy that kept prices high. Green had found a way around it by dealing with people in Europe who were willing to sell him last year's designer label ranges at huge discounts that he could then pass on to the customers. He made headlines and was seen as a champion of consumers. Eventually he found it more and more difficult to get his supplies and profits tailed off. Still, he'd fired a warning shot across the bows of the retailing aristocracy and made a name for himself in the process.

**Green is not afraid to
take a risk, but it will be
a calculated risk.**

By the time he called a truce with the designer houses, he had three businesses in liquidation and had been in the industry for 15 years without making any real money. But he wasn't about to throw the towel in and had begun to make a name for himself in trade circles. He got involved in Bonanza Jeans and Jean Jeanie, turning around their fortunes, and began to build a reputation for himself as someone who could see a way through a difficult situation and do a deal that others simply didn't see. His financial fortunes began to change.

DAY OF RECKONING

As explained earlier, Green then concentrated on taking over and turning round struggling businesses. Amber Day was the one that proved a nightmare for Green and had a long-term impact on his career. My retail analyst says:



'I believe he was profoundly affected by Amber Day and sees his own way as the only way to avoid being shafted. Ironically, as much as to be rich, his drive is to be loved and admired – even by the establishment he professes to disdain. Consorting with high profile, A-list celebrities looks to me to be but a manifestation of this psyche.'

It's certainly apparent that his experiences at Amber Day left Green determined that his skills were much better suited to running private companies. He's an entrepreneur who runs his businesses on gut instinct. He likes to get on with making things happen and not be hampered by the demands of shareholders and investors. He prefers to own his companies. From Amber Day onwards, apart from his two bids for Marks and Spencer, Green mainly steered clear of public companies. Each business acquisition and subsequent sale made him money. From those deals he made the money to fund the next challenge and met the people who became important in his later business life. He was building up significant cash and connections.

CONFIDENCE BUILDING

In 1999, Green really made people sit up and take notice when he bought the Sears Group, the fashion and shoes business, and sold it off in parts. He sold several of its high street chains (such as Miss Selfridge and Wallis) on to the Arcadia group. He came out of that deal with serious money and everyone in the fashion business, the City and the banks were wondering where he'd strike next. He was now seen as a real player and the demon of the deals. He seemed convinced that he could do no wrong and his confidence had grown.

It had built to such an extent that he settled his aspiring gaze on one of the biggest retailers in the UK – Marks and Spencer. Admit-



tedly it was in the doldrums, but it was an audacious aspiration. The country's beloved Marks and Spencer was a public company and some of the board members had been holding the reins for a long time. Green refused to be ignored. Once again he refused to take no for an answer.

Money always was a big motivator for Green, but it seems that the chase and the deal play a big part in the thrill too.

While Marks and Spencer was struggling, and the shareholders were getting increasingly impatient with falling sales, Green was putting together the money for his bid from a mix of private investors and the banks, determined to get his hands on the biggest fashion retailer on the high street. Marks and Spencer had to take him seriously and fight back. The battle turned into a dirty tricks campaign over share dealings: several papers printed stories about his wife's shares in Marks and Spencer, and although any accusations had no foundation, one of Green's bankers withdrew support and Green pulled out of the race. Green successfully sued the newspapers concerned.

TRANSFORMING BHS

But the man never gives up. It's one of his most significant traits. Green had acquired a reputation as a shrewd businessman with an uncanny knack of making money, who could spot an opportunity and see a way to make things work.

Storehouse owned Mothercare and British Homes Stores (Bhs), which wasn't doing well. Before he'd made his brazen bid for Marks and Spencer, it was the kind of chain Green liked to buy and turn around. The Storehouse management didn't know what to do with it. Green simply made his offer, gave the board a deadline



and did the deal. Green is not afraid to take a risk, but it will be a calculated risk. He will have worked out just what will happen if the risk doesn't come off. He'll have measured the consequences of making a bad decision before he decides whether the risk is worth taking. If he hadn't been sure he could make

He's used his skills with sourcing and negotiating to bring stock to customers at prices they're willing to pay.

Bhs work, he wouldn't have bought it.

Bhs was the perfect opportunity for Green to show his business acumen as a top retailer. It brought with it a very valuable property portfolio that he could sell if all else failed. So to the surprise of staff and business watchers alike, rather than turning the business into a viable one and selling it again as quickly as possible, Green kept Bhs.

Green is clearly passionate about business, pays great attention to detail and is a hands-on boss. He stalked the floors of his new acquisition, getting to know it and working out how to make changes, cut costs and increase sales. One of his pet hates is said to be too many garments on a rail, and he was spotted helping to stack shelves and moving displays late at night. He likes things done his way and done quickly, and, within a year, profits had picked up. Green was cock-a-hoop at the turnaround in fortunes. He'd been proved right. The chain could work and he'd seen how to do it when no one else had, or had even been interested in trying.

GREENING THE HIGH STREET

Bhs made Green a formidable high street figure but it wasn't to satisfy him. It wasn't long before he was looking for a new deal. He was worth £1 billion by this time, so he certainly didn't need the



money. Money always was a big motivator for Green, but it seems that the chase and the deal play a big part in the thrill too.

There were all sorts of rumours about what he was planning to buy up next, but in the end he went for Arcadia, a publicly listed company with Stuart Rose, the current outgoing Chief Executive and Chairman of Marks and Spencer at the helm. Arcadia cost Green £900 million and made him one of the biggest forces on the high street. He had created the UK's biggest private retail company.

From various interviews and press reports, it's suggested that being a private company is important to Green, as it means he can get on and run the businesses 'his way' and make things happen without having the shareholders breathing down his neck. Technically Arcadia doesn't belong to Green himself but to his wife Tina. He transferred control of the company to her in 2004. In reality, though, Green himself is very much in charge.

ANOTHER BID

But even acquiring Arcadia doesn't appear to have stopped Green's restlessness. He made another bid for Marks and Spencer in 2004. Again it eluded him. It seems to be the big prize without which he won't be content. Only time will tell whether it will be a case of third time lucky or whether Green has finally put that ambition behind him.

In the meantime, Topshop has become the jewel in the Arcadia crown and made Green a household name, the friend of top models and the subject of glossy magazines and gossip columns. He has poured his enthusiasm, drive and ambition into growing his business. He's used his skills with sourcing and negotiating



to bring stock to customers at prices they're willing to pay, and his hands-on attention to detail has made Topshop the chain of choice for millions of customers. The recession has tested his retailing expertise and at the time of writing he's come out of the downturn well. So is he really the UK's best retail entrepreneur as some claim? Whatever history decides, he's certainly one of the richest and a power to be reckoned with. Whatever happens next, he's likely to do it his way.

DO IT YOUR WAY

- **You'll succeed if you never take no for an answer** – people will be more likely to find ways to solve a problem.
- **Spot something in the deal that benefits each party** in the way that Green does when he's taking over a company, and the deal is more likely to succeed.
- **Stay focused and stick to what you know.** Don't be afraid to take risks with what you know. Green sticks to fashion and the longer he's been in the business the better he's understood it, which reduces or minimises the risks.
- **Learn to spot the opportunities that others don't and act quickly.** Green spots opportunities partly because he follows his gut instinct and partly because he's got an in-depth understanding of the fashion and trends in fashion, and a 'feel' for what people want.
- **Work hard, be hands-on and pay attention to the detail.** Green knows everything there is to know about his stores, ranges and lines; he demands changes, and checks they've been made. It's hard work but it pays off.
- **Every time a business fails you learn a lot.** Move on and take the lessons with you. Green learned valuable lessons early in his career about making businesses run more efficiently and they made him a fortune later in his career.