



# Branching out

MANY JEWELLERS HAVE VISIONS OF MULTI-BRANCH GRANDEUR – BUT JUST WHEN IS THE RIGHT TIME TO OPEN UP YOUR SECOND, THIRD OR FIFTY-FIRST BRANCH? RETAIL JOURNALIST **ANDREW DON** CONSIDERS THE BEST WAYS TO EXPAND YOUR EMPIRE

**C**hris Stoner, managing director of the four-strong West Yorkshire jewellery group Phillip Stoner, kicks himself every now and again. Ten years ago, the business blew a golden opportunity. Phillip Stoner had the opportunity to take a unit at the Owlcoats shopping centre, on the outskirts of Leeds, where a major Asda and Marks & Spencer were under construction. The company turned it down. Today, the retail centre is phenomenally successful – much to Stoner's chagrin. "We wish we had taken a gamble," he says.

He should not be so hard on himself because knowing when and how to grow is tough and a complex mix of research, timing and gut feeling. Throw into the melting-pot dozens of other factors that include finance, demographic profiles and the local competition, and several retailers could find themselves screaming loudly: "I'm a jeweller, get me out of here!"

A retail guru may come up with an algebraic equation with the formula for success one day, but, until that time, expansion can be akin to betting on horses. However, just as knowledge

about form can increase the chances of backing a winner in the Grand National, so can a bit of homework when branching out.

Mark Adlestone, managing director of Beaverbrooks, the 52-strong St Anne's-On-Sea, Lancashire-based multiple, says a jeweller has the choice to either become multi-branched or strive to become the best within a town or city and offer the kind of service multiples cannot.

"Once you go beyond that point and start opening three or four stores, you lose the personal touch with customers and it becomes a different type of business that is more of a financial, logistical and operational exercise," says Adlestone. "When you get to eight or nine stores, expansion becomes easier after that. It is difficult when you have between two and seven shops to make the step beyond that."

Adlestone, who is looking to grow the Beaverbrooks empire to 75 outlets by 2010, says the decision to expand depends on the business, its philosophy and the financial needs of those who are in charge. "You have to have the finances in place, and you have to want to do it and have



Left: Beaverbrooks in Oxford – the company has ambitious plans to grow its stores from 52 to 75 by 2010; above l: Artful Angel in Ongar says a prime location is not important as long as you specialise, and r: Phillip Stoner's new store in The Light, Leeds, is the first branch to be managed by someone outside the Stoner family

confidence in your ability to develop. You will have planned, and the infrastructure and the opportunity has to be there."

Reasons for expansion can sometimes stare you in the face. Lisa Chambers Jewellers, which has three West Midlands-based shops – in Stratford-upon-Avon, Leamington Spa and Solihull – expanded when its existing stores had queues of people outside the doors.

"If the demand exceeds the supply, you know you can open your next store," says the eponymous managing director.

**Practice makes perfect**

Peter Jackson, managing director of Peter Jackson the Jeweller, with four branches in Carlisle, Southport, Preston and Blackburn, believes the more stores a company opens, the easier it gets.

He says: "The biggest step is opening your second shop because you are doubling the size of the business and it will probably have been quite a long time since you opened a shop. If you look at multiples that have 50 stores, that is equivalent to opening another 50, therefore it becomes

easier because you have the experience, you have made the mistakes and in terms of adding space to your business, as a percentage, it is smaller."

**Hidden costs**

Budgeting is the million-dollar question because there are always capital-consuming issues that have to be considered. The amount that experts reckon should be allowed for over the cost of the building, for the likes of legal fees, surveys, refurbishments, stamp duty and "unforeseens"

ranges from 10% to 25%. So if you spend £350,000 on a property, you should really look to have £35,000 to £87,500 in reserve to cover your back in the event of some unexpected cost.

Jackson says: "If you are working within a tight budget, it is important to get the figures right, but no matter how hard you try, you can add 20% to 25% to your estimated costs. It is something you have to be very aware of – you need a cushion. It is no different to when you refurbish your house and you find it needs rewiring." →

Beaverbrooks in Oxford: the company's branding presents a consistent image in all its 52 store locations. The company says retailers must work out their company philosophy before empire expansion





**Links of London in London's Brook Street: the retailer is adept at running stores in the UK and abroad, and is opening one in Soho, New York this month**

Links of London, with 17 branches throughout the UK and 36 globally, budgets for £250 per sqft for fitting out and design, and architectural fees of 8% to 10% of the contract price on top of that.

Last minute hitches can range from not having power, to fixtures and fittings failing to arrive on time. Phillip Stoner ordered an expensive safe when it opened its Leeds store, only to be told at the last moment that the loading on the floor would not handle the weight. It had to get a much lighter safe shipped over from Scandinavia.

**Location, location, location**

The cliché "location location", while regarded by most as critical, is not necessarily so if a company specialises. Artful Angel, which focuses on sterling silver, occupies secondary and tertiary sites with its three Essex stores. But managing director Steve Barker says if a company does not specialise, it will not survive in those locations.

It is important to get up and running as soon as the new shop is taken on, especially if it is leasehold because rent is due as soon as the lease is signed. It is also imperative to make sure there is plenty of cashflow available, which becomes critical when expanding.

Moving abroad is more complicated. Links is opening in Soho, New York this month. It has set up an office in the US and put the infrastructure in place with someone to do the accounts, another to recruit staff and someone else to take on the marketing. Chairman John Ayton says: "Whether you are running a store in New York or Glasgow, local knowledge is the most important thing."

**Beaverbrooks's store in Bromley: the retailer says expansion requires you to have an excellent infrastructure in place**



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**Expand without bricks and mortar: Lisa Chambers fourth "store" is her web site**

**ADVICE FROM RETAILERS WHO HAVE BRANCHED OUT**



"You need to consider the company's unique selling point. Is your company aiming to be the best in town and dominate on that basis and have the personal contact? Or, does the owner want to have a bigger group that is more reliant on

buying ability, logistical ability and operational ability than on the personality of those running it?"

**MARK ADLESTONE, MANAGING DIRECTOR, BEAVERBROOKS**

"Focus on costs. It's easy to take your eye off the ball. Be in a position to get up and running as quickly as you can. Make sure you learn from your mistakes."

**STEVE BARKER, MANAGING DIRECTOR, ARTFUL ANGEL**

"Trying to get power to a new unit is a nightmare. At Leeds, it took nearly four weeks to get power because the procedures are so complicated post-deregulations. We had to chase constantly."

**CHRIS STONER, MANAGING DIRECTOR, PHILLIP STONER JEWELLERS**

"The most difficult one is moving from one to two stores...The biggest issue in opening stores is to be able to maintain the quality of the staff."

**JOHN AYTON, CHAIRMAN, LINKS OF LONDON**

"The biggest problem you can encounter is the number of different leases that you can have. Landlords change leases frequently and you have to be quick to make sure you have all the 't's dotted and the 't's crossed."

**JAMES SHEPHERD, CONSUMER GOODS BUSINESS MANAGER, SWAROVSKI**



"We launched jewelleryexcel.com in May, and it featured more than 500 items of jewellery. It is like having a shop window in people's homes. Expanding in e-commerce takes us national. As a result of having this web site, I am

now open 24 hours a day and I can take orders at midnight from anywhere in the UK."

**LISA CHAMBERS, MANAGING DIRECTOR, LISA CHAMBERS JEWELLERS**

One of the toughest problems single-store operators have with expansion is relinquishing control to others at each new shop. Nigel Sillis, a consultant to the hairdressing industry, specialises in helping salon groups open new branches.

"Because virtually all managers of salons are hairdressers, they find it difficult to stand back and let someone else manage. You always think you can do better than anyone else," he says.

Stoner identifies strongly with that scenario. Phillip Stoner is a family business and, when it had three stores, each was pretty much controlled by one family member. Its fourth store in Leeds in The Light trendy shopping complex meant a break with the traditional methods of managing the first three Phillip Stoner branches.

Stoner says: "With this store, we are trusting someone outside the family. The key is to maintain the quality in every aspect of the business while trying to expand."

As a finalist in *Retail Jeweller's* UK Jewellery Awards Best store design category, it is clearly an outstanding-looking store, but the jeweller is adamant service is just as important. Some businesses do not have such a sensible approach. They get so carried away with refurbishing their shop, they forget to nurture their staff. Sillis says it is no good spending all that money only to have nothing left for training and team building.

Barker agrees: "The only way you can expand is by having good management. You can't do it all yourself." Failure to expand can lead to a loss of good staff who may want to move onto something bigger – expansion offers staff opportunities to further their careers within the company. ■