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A CUT ABOVE

With a heritage stretching back to 1771, a flagship atelier at 1 Savile Row, a blizzard of royal warrants and celebrity clients, an unrivalled global military uniform business – and the job of dressing Prince William on his wedding day – Gieves & Hawkes is one of the most distinguished names in British men's tailoring. The company's pedigree is gilded by the 14 outlets it has in select UK and Irish cities, its three-city US tours – think pop-up shops dripping with the pomp of *The King's Speech* – and its 75 outlets in China, the honeypot that almost every fashionable brand is desperate to enter.

Appearances, though, can be deceptive.

Through poor financial management and an overall lack of focus, Gieves & Hawkes has made sizeable losses in the past couple of years.

John Durnin, who was parachuted in as chief executive 12 months ago by its owner, Hong Kong property magnate Christopher Cheng, is blunt about what went wrong. "We were overmanned, over-inventoried and had weak margins," he says. So the urbane, chummy Englishman, who had overseen Richemont's Alfred Dunhill retail operations in Asia for 20 years, set in motion a complete overhaul.

Ready-to-wear lines were redesigned, helping to boost margins by 2%–3%. Inventories were slashed by 40%, leading to trimmer end-of-season sales. Office staff were cut by a quarter and 10 unprofitable UK shops were shuttered. "Any retailer that doesn't return 15% on what I call the bottom line isn't maintained in our network," Durnin explains. And he extended the brand offering drastically to include grooming, bespoke shoes and vintage gifts, creating what he terms "a men's emporium". With these measures in place, he confidently expects to turn a profit this year.

But Durnin's vision extends far beyond that. He believes Gieves & Hawkes has the potential to exploit the growing wealth of Asian customers, particularly in China, and also, audaciously, to crack the US market – a feat that has eluded several of the firm's showier neighbours, including Oswald Boateng, who went stateside with much

Prince William went there for his wedding outfit, but Savile Row tailor Gieves & Hawkes has been losing money for years. **David Ryan** meets the gung-ho CEO who plans to restore its fortunes by conquering America



fanfare in 2006. "We're looking to open four to six stores in five key cities: New York, Houston, Chicago, Boston and San Francisco from spring–summer 2012," he says. "I want to go where the quality foot traffic is, so we will be talking to department stores to see who is interested in partnering with us."

Durnin's first task was to draw up a five-year restructuring plan and convince the board of Cheng's Wing Tai Properties – the HK\$1.2bn (€111m) holding company that acquired Gieves & Hawkes outright in 2002 – to rubber-stamp it. Crucially, Cheng agreed to bankroll everything. One of the main elements of the plan is to reposition the brand "back to its sartorial roots" – in other words, to take it even more upmarket. "When I joined, it was the high end and the very low end and that confuses the consumer," says Durnin. A year ago, the company sold one type of blazer, costing £375. "That to me is not luxury retailing, so now we're offering 14, from £900 (€1,060) to £2,500 (€2,960)."

Gieves & Hawkes makes more than 1,000 bespoke suits a year for a clientele that, on the whole, has sailed through the downturn quite nicely. "We've got 23 tailors in the basement. Our order books are full, so we've now got to make a decision as to whether we take on more to expand that business. This is a product that is from £3,500 upwards and takes four to six months to make. Nothing's recession-proof but it's a part of the business that's pretty strong and has been all through the tail-end of last year."

According to analyst Bain & Co, sales of high-end products to Asia should reach €11.4bn in 2014, with second and third-tier cities making a marked contribution to growth. So, with an eye on the international market, Durnin is shifting the focus of the brand. "China is fundamentally a casualwear and leather goods market. It isn't a tailoring market. We've got a wonderful business in tailoring. Can you imagine what we can do when we develop casualwear and leather goods for China – and then for America, which in many ways is similar?"

Ultimately, he aims to achieve a three-way split between tailoring, casualwear and leather, with peripherals forming the other 10%. "We're adding levels on to what is already our core competence," he says. To this end, he has struck a deal with Bill Amberg, an English leather designer of international repute. "I think he can bring a real twist to leather goods and make them contemporary, and that's critical for us."

Gieves & Hawkes will have 100 outlets in its healthiest market, Greater China, by the end of this year. Eight of these are due to open soon in mainland China, including



Gieves & Hawkes bought 1 Savile Row from the Royal Geographical Society a century ago

duplex flagship stores in Park View, Beijing, and West Lake, Hangzhou. "In Hong Kong and Macau we have eight doors at present, in Taiwan we have nine and in mainland China we have 75," says Durnin. "Our strategy has been to go into the top 35 cities on the mainland in terms of size and quality retail environment. Mostly on the eastern board, where the wealth is concentrated, but they are split quite evenly into the south, the middle east and the north of China."

For around five years now, the Chinese side of the business has grown more than 30% annually. "Partly through investing in new stores, but it's largely generic growth. It's a very strong market. Now, if I was cleverer I'd be able to tell you when it's going to slow down, but it's slowing down from 30%-plus growth a year. What we're doing at the moment is making sure that we're investing in the infrastructure, putting the doors out there. We're probably coming to the critical mass in terms of stores. We then need to grow it generically for the next four or five years."

The trade organisation Savile Row Bespoke saw a healthy uptick in tailoring in 2010, helped enormously by business from America. It reports, for example, that

"When we launch in America, our history will give the brand a provenance others simply don't have"

Henry Poole & Co's sales rose 36% and that 43% of Poole's business was with the US. Another tailor, Huntsman & Sons, extended a trip to the US east coast to cope with demand, and tripled business from San Francisco and Los Angeles. As Durnin sees it, this is an ideal time to move stateside as the recession comes to an end.

Marshal Cohen, chief industry analyst at NPD Group in New York, thinks the timing is almost perfect. "The fact that it's Savile Row brings in an air of distinctive difference," he says. Leonard Logsdail, a tailor who switched from Savile Row to New York 19 years ago – and who made some of the suits for the movie *Wall Street: Money Never Sleeps* – also sees merit in the plan. "There is an ideal opportunity to open a British emporium here, in New York particularly," he says. He warns, however, that: "It can

look British but it's got to be run American. If you go in with an attitude of superiority, you will fail." The trouble with Savile Row, he asserts, is that it rested on its laurels for too long and "disappeared up its own rear end". Therefore Gieves & Hawkes' initiative will not succeed if it fails to understand the nuances of the American market.

Texas-born Jon Green, who set up his New York bespoke business 20 years ago, agrees that casualwear is the way forward for Gieves & Hawkes but is less sure about it partnering with department stores. "America has become more and more casual outside of the big urban areas," he says. "Business is getting very strong again for quality things but each time we come back from an economic setback, casual dress is more acceptable. Having said that, in New York there are still a lot of very rich men who have to or want to dress in a suit."

In other cities, he notes – because of the heat or the expense, or because quality suits are not required – the attitude is: "It's perfectly good if it comes from Brooks Brothers." He adds: "There's a tremendous amount of competition in New York and right now in the States, except in the financial services business, Italian fashion reigns. In San Francisco or Chicago you have a smaller market with less competition, but when you go into department stores, it's dicey. I don't know how many bespoke guys would go into Saks or Bergdorf or Barneys."

Durnin concedes that the US market is notoriously difficult to crack. "There are English brands like Paul Smith and Burberry's that have done very well," he says, "but Burberry's is for ladies as well as men. Paul Smith has got a reasonable business but there are few other English brands that have focused on America. American brands do it very well and so do the Italians, so most brands back off."

Challenged to explain what distinguishes Gieves & Hawkes from the brands he's just namechecked, he says: "None of them offer bespoke. They can't. They're not set up that way. So what I've got – the core of my business – provides the legs for the brand. There are other Savile Row brands and some of them are as old as we are but none of them have really internationalised themselves and wanted to retail in America." What about Hardy Amies, the Savile Row brand that went bankrupt in 2008 and was taken over by Gieves & Hawkes' own Asian licensee, Hong Kong's Li & Fung Group? "I've got a completely different proposition to Hardy Amies. I've got a much stronger brand, frankly... I've got a much wider [men's] product portfolio and a different position to Hardy Amies."



The tailors are beavering away on a military frock coat for the King of Tonga



Setting off on a tour of the premises, he points out a letter of thanks from Lord Nelson (who was killed in an admiral's uniform supplied by Gieves & Hawkes), a selection of pith helmets (designed and patented by company founder Robert Hawkes) and a replica of Edward VIII's dinner jacket. "When we launch in America, all this history will give a provenance to the brand that others simply don't have," he says. As we speak – above the banging, clattering and drilling of builders who've been refurbishing, a century after the business moved here – he reveals that the private archive will be thrown open to the public by the end of April. "It adds to the whole marketing and mystique of the brand."

Downstairs, the revamped ground floor gleams. Here you'll find recent arrival James Ducker – who with Deborah Carré runs the bespoke shoemaking business carréducker – sitting in a glass-fronted booth, like a



Clockwise from top: cutter Lee Webb; bespoke shoes; and the business in 1988

zoo exhibit in an apron. "When you're buying a bespoke suit, you're probably ordering three or four," says Durnin. "To then meet the guy who's going to make you a pair of shoes... that's what I think is artisan, that's what I think is luxury." Each pair costs at least £2,500. Metres away, grooming salon Gentlemen's Tonic is a handy way of keeping customers in the building. A further addition is the vintage gift department, which sells leather cases and a 50-year-old working ejector seat from a supersonic jet. "It's toys for boys," Durnin says.

In the basement, his tailors are beavering away on a bottle-green – and very heavy – military frock coat for the King of Tonga. There are red Victorian guardsmen's uniforms too, waiting to be repaired and returned to Buckingham Palace. "Charlie Chaplin, Noel Coward... We've even got a uniform we made for Michael Jackson," says Durnin. "You name it, we have their pattern here." ■