

How to Set Up and Run a Fashion Label

Tips: Keeping on Top of the Trends

*To accompany Chapter 8:
Understanding Trends*

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- ✗ Select colours and styles that meet the needs of your customers.
 - ✗ Move from lightweight to heavier fabrics and vice versa as the seasons change.
 - ✗ Alter colours from summer brights/pastels to rich, dark earth tones for autumn/winter.
 - ✗ Create new trends and palettes each season to meet the consumer's desire for new and fresh fashion.
 - ✗ Read fashion magazines to increase your confidence and build credibility as a trend predictor. These magazines will help you to predict colour and fashion trends, both classic and contemporary.
 - ✗ Keep a trend-idea clippings file.
 - ✗ Develop a library of fabric swatches in a variety of colours.
 - ✗ Review non-fashion magazines, as great trend ideas often come from non-traditional publications. Home furnishings and gardening magazines, for example, display excellent colour combinations which will help inspire you with your colours.
 - ✗ Shop the department stores and speciality retail stores at least once a month.
 - ✗ Be careful how closely you follow the trends. Once on the trend wheel it can be very difficult to get off, and your success will be directly linked to you getting it right season after season.
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How to Set Up and Run a Fashion Label

Tips: Sourcing a Manufacturer


*To accompany Chapter 10:
Getting it Made*

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- ✗ It is vital that you allow yourself enough time to source your production properly.
 - ✗ Look as locally as possible to find your manufacturer, but if you have to look overseas, get an agent to oversee the production process. Leaving a factory to get on with your production unsupervised is a recipe for disaster.
 - ✗ Word of mouth is one common way of being introduced to agents and manufacturers, although fashion labels can often be reluctant to give recommendations.
 - ✗ Alternatively, you can look at websites, such as www.alibaba.com, or you can contact trade associations. In either case you must visit potential manufacturers to make sure they are the right one for you.
 - ✗ Ideally, you should look for a manufacturer specialising in the fabrics you are working with and one which also has the right equipment and skill set.
 - ✗ Always ask for a sample to be made up to show the standard the manufacturer can achieve.
 - ✗ Make sure that your manufacturer will make alterations at no additional cost if they are needed for purposes of quality.
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Tips: The Manufacturing Process

*To accompany Chapter 10:
Getting it Made*

- ✗ Look constantly at key sources of trend information.
- ✗ Listen to feedback from buyers, press and consumers when developing your product. Your fabric and trim suppliers will also act as a great source of inspiration as they will have developed their season's collection even before you.
- ✗ Make sure your spec sheets are accurate and include all the information your pattern cutter and manufacturer require. The spec sheets must include all the relevant information regarding measurement of the product e.g. exact details of measurements taken at vital points, seam allowances, location of buttons and button holes.
- ✗ Remember that fabric weight, weave, make-up and behaviour can drastically determine the finished look of your product. A basic understanding of fabrics is, therefore, a great asset, and it will be well worth your while undertaking a short course at a fashion college, working in a fabric shop or bringing in someone to help you with this part of the design and production process.
- ✗ It is advisable as a start-up to order your production fabric only once you know your sales quantities.
- ✗ If you are unable to develop the patterns yourself, find a pattern cutter who you are confident can achieve what it is you are looking for. The pattern will form the basis of the fit of the product. Poor fit is one of the biggest reasons for fashion product not selling. Trade publications are often a good place to source pattern cutters, but word of mouth is probably the best way to feel confident that your pattern cutter has the ability you require.
- ✗ If you are using a pattern cutter to develop your patterns, negotiate with him/her if his/her fee does not include alterations.
- ✗ If you do wish to make changes to your pattern at any stage, make sure you document these in writing on the spec sheet.
- ✗ If, from the outset, you are confident that you will go into production with all of the sizes and styles you aim to sell then you may be able to get your pattern cutter to grade patterns from the very beginning to save time later on.
- ✗ Once you come to put your product together it is important that either you or your production unit has the skills to do this. Your sample collection is your key tool for both selling and promoting your collection and must be perfect.
- ✗ Before putting your collection into production, you may wish to edit your offer. It can be helpful to bring in someone from outside the label to help at this stage. If you have a sales agent or distributor they will often have advice based on what they feel works best with their buyers.
- ✗ When you finally go into production, make sure that the fabric, trims and labels are available when they should be and that you order everything as soon as you know the quantities required. You will also need to have in place your brand, size, care and fabric content labels.
- ✗ Throughout the production process there should be no compromising on quality. Your quality control checks need to happen throughout to minimise any potential problems. You should have set quality expectation standards with your production team based on the samples that have been created. Make sure they are keeping to the standards and let them know quickly if they are not.
- ✗ Be clear about the shipping terms with your buyer – are you arranging shipping or are they? If you are arranging shipping, you will find that there are freight companies who specialise in working within the fashion industry and will organise the shipment, including paperwork and insurance. You may often find that their prices are also slightly cheaper than some of the big shipping companies, like UPS and DHL, as they can negotiate reduced rates because of the volume they ship.



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Tips: Printing Lookbooks

*To accompany Chapter 12:
Get Your Message Out*

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Images

The printer will always produce a far better lookbook when using very high resolution images. 'Fashion' printers focus on the garment rather than the model. The printer's job is to replicate the garments as closely as possible in printed format. This becomes increasingly technical when printing on different substrates of paper or board.

You can enhance the images, depending on the type of material used to print on – uncoated, coated matt, coated silk or coated gloss finishes.

Before going to print, always ensure you have a digital proof from the printer as a final safety check. The colour digital proof is 80 to 90 percent accurate in terms of colour balance and is also good for checking text accuracy and image positioning.

Materials

The majority of lookbooks are printed on a uniform board-weight throughout, such as 300gsm or 350gsm. This will also keep the cost down. Ask your printer to provide you with a free 'mock-up' or unprinted dummy of your chosen lookbook.

Enhancing the lookbook further can be done by using specialist finishes such as matt, silk or gloss lamination on the paper or board; foil blocking in myriad colours; or debossing or embossing the material to give it a raised or sunken feel for a specific logo or piece of type.

Dimensions and binding are down to personal choice as well as cost. Printing, then creasing the board into panels, then folding them into a 'pamphlet' type of finish is the most economical option. More flamboyant, costly lookbooks may be stitched or bound like a magazine.

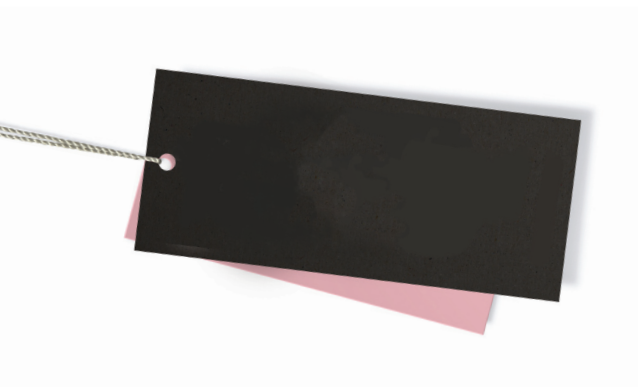
Quantity

Always print just enough to avoid surplus stock the following season. Printers will quote for batches of 500 or 1,000 so you can see the price variations.

Tips: Financial Definitions

To accompany Chapter 13:
Finance

Type of Measure	Measurement	Definition
Financial	Direct costs	Costs directly attributed to the production of goods
	Indirect costs	Costs not directly related to the production of the goods or service, such as utilities, administrative costs, etc.
	Turnover	Sales, including or excluding VAT for any given period.
	Gross margin	Net sales less cost of mark-downs, theft, discounts and stock loss.
	Cash flow	Statement of net access of periodic income over outgoings
	Gross profit	Gross profit = selling price – direct costs
	Net profit	Net profit = gross profit – indirect costs
	Break-even profit	The volume of sales at which total costs equal total revenues, thus there is a net effect of zero
	Store contribution	Gross margin less store operating costs
	Return on capital employed	Contribution as a percentage of investment in stock and equipment
	Return on increased investment	Additional contribution resulting from extra investment in store refit, etc.
Customer	Market Share	Share of local market spending, by customer group, product category, period etc.
	Awareness	Percentage of target customers aware of the shop
	Footfall	Number of customers entering the shop
	Conversion rate	Percentage of visitors who purchase
	Walk-out rate	Percentage of visitors who leave with nothing
	Average transaction value	Average value of each sale made
	Multiple purchasing	Percentage of shoppers buying linked items
	Visit frequency	Elapsed time between visits to shop
	Loyalty	Your share of periodic fashion shop visits
	Advocacy rate	Customer recommendation measure



<i>Type of Measure</i>	<i>Measurement</i>	<i>Definition</i>
Productivity or Return on Sales (ROS)	Sales / Profit per sq. foot or metre	<i>Performance related to floor space</i>
	Sales/profit per linear foot or metre	<i>Performance related to display space</i>
	Sales/profit per employee	<i>Performance related to staff level, usually expressed as full-time equivalent (FTE)</i>
	Stock turnover	<i>How many times average stock is sold in a financial year</i>
	Sell-down rate	<i>Speed at which a given line sells in store</i>
	Take-up rate	<i>Percentage of customers purchasing a promotion</i>

How to Set Up and Run a Fashion Label

Tips: What to Look for in an Accountant
To accompany Chapter 13:
Finance

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- ✗ Choose an accountant who is established in the community and who has been in business for a reasonable length of time.
 - ✗ Make sure the accountant is approachable, accessible when needed, and easy to talk to and understand.
 - ✗ Check to see if the accountant works with other professionals for back up and support.
 - ✗ Try to select an accountant who is experienced and skilled with your particular business or circumstances.
 - ✗ Choose an accountant who performs work in a timely manner and provides value for the amount billed.
 - ✗ Use a national database, such as the ones compiled by the Institute of Chartered Accountants at www.icaewfirms.co.uk, the Chartered Institute of Management Accountants at www.cimaglobal.com and the Association of Chartered Certified Accountants at www.accaglobal.com.
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Tips: Calculating Margins

To accompany Chapter 13:
Finance

You will often have to calculate margins. Either to work out a selling price from a cost price, or to work out what margin a certain selling price would result in.

Selling price from cost price

The full formula for working out a selling price from a cost price and a certain margin is:

$$\text{Selling} = \text{cost} \div ([100 - \text{margin}] \div 100)$$

So to work out the selling price of a pair of jeans with a 70% margin that cost £30 to make, the calculation would look like this: $30 \div ([100 - 70] \div 100) = £100$.

Alternatively you can simplify the calculation by using the following.

$$25\% \text{ margin} = \text{cost price} \div 0.75$$

$$40\% \text{ margin} = \text{cost price} \div 0.6$$

$$50\% \text{ margin} = \text{cost price} \div 0.5$$

$$70\% \text{ margin} = \text{cost price} \div 0.3$$

Margin from cost and selling prices

Sometimes you will have a cost and a selling price, and need to know what margin that results in. The formula is:

$$\text{Margin} = (1 - [\text{cost} \div \text{selling}]) \times 100$$

So the calculation of the margin for jeans selling for £100 that cost £30 to make would look like this: $(1 - [30 \div 100]) \times 100 = 70\%$

Or to simplify you can use the following:

If cost \div selling is 0.6, the margin is 40%

If cost \div selling is 0.5, the margin is 50%

If cost \div selling is 0.3, the margin is 70%

If cost \div selling is 0.25, the margin is 75%

Gross profit

Gross profit is the difference between your sales income and the cost of making your product.

$$\text{Gross profit} = \text{selling price} - \text{direct costs}$$

If direct cost = £50 and I mark it up 2.2 I will get a selling price of £110 and my gross profit will be £60. If I then sell 1000 pieces at £110, I will make £110,000 worth of sales. However, if I subtract my original cost of £50 per garment ($1000 \times £50 = £50,000$) then my gross profit will be £60,000.

Net profit

Net profit is the money left after subtracting all your indirect costs away from your gross profit.

$$\text{Net profit} = \text{gross profit} - \text{indirect costs}$$

If my indirect costs for example were £55,000 then my net profit from the £60,000 gross would be £5,000. Net profit is the money you would pump back into your business if you are a sole trader, or after the deduction of Corporation Tax if you are running a limited company.