
Entrepreneurs

Tangible success with tangible products

Entrepreneurship panel organised by Pictet Wealth Management
at the offices of Monocle, London



The latest of Monocle's regular roundtable discussions involved Lyn Harris of Miller Harris perfumes, Simon Duffy of Bulldog male skincare and Tom Hulme of IDEO, and highlighted, among other things, how even entrepreneurs within the same broad sector can develop very different, but successful, strategies.

Tyler Brule, Monocle's editor in chief, kicked off the evening by saying he wanted to move the discussion away from the dotcom 'tech' world, and handed the moderator's baton on to Monocle's business editor, Jonathan Openshaw, who explained the desire to focus more on businesses with a physical product. "While there may be a huge end of the market where digital will thrive, there's another end of the market where people want to return to products and craft", said Openshaw.

As an angel investor and serial entrepreneur, with a broad experience in innovation, Tom Hulme, IDEO's design director, endorsed the evening's focus. He said his co-panellists "to a certain extent buck the trend from what I see around me. I see many people leaving big businesses to start dotcoms, to start technology businesses, and there are some reasons for that - they grow faster, we glorify the exits, we glorify how fast you can get stuff to market." But he said Lyn Harris and Simon Duffy showed that "we're still producing something, we're investing up front, and we can actually celebrate craft, something tangible, again. In a world where more and more of what we do is happening online, I suspect some of us crave craft, authenticity and a story."

Furthermore, as Tom Hulme commented later, this focus also made business sense in London. "As an angel investor, I can't get excited about a business whose core proposition depends on being a technological leader for the next 5, 10 years. Because we're not really in the home of that in London, the businesses on the west coast of the US probably attract more talent. However, we are in the home of multiculturalism, of design sensibility. I tend to look for those traits, rather than the trendy term 'we're a tech business'."

Turning to the two product creators of the evening, Jonathan Openshaw asked: "How do you go about establishing your own brand, your own voice in industries where there are such huge competitors?"

Lyn Harris, who had trained with a third-generation perfumer in Grasse, the traditional capital of French perfume-making, before launching her business in 2000, said it was a matter of bringing magic to market. "I wanted to bring back this magic, this beauty and this world where time had stood still for 150 years. I was so passionate working with these old masters, and I felt it was my duty to come back to the UK and be a perfumer - moving it on but trying to retain the heritage of my art form."

"For me the brand was putting my art form, my laboratory in the retail space. I have my laboratory underneath my store, selling my off the peg fragrances upstairs, and me beaver away downstairs making fragrances for other people. I really hit a nerve working with private clients, and then I started wholesaling with Libertys as my main account, and so on."

Simon Duffy said he identified with "the artistry and craft that go into the fragrance". With traditional male skincare, he said he saw "very stale categories, very generic". He asked himself: "are we going to try to fit in with that consensus and become another me-too product or are we going to stand for something different. We opted for the latter by making key decisions all the way through, in putting products together and in positioning products with consumers and retailers to make sure we stand for something different."

Jonathan Openshaw then wanted to know how the pair of entrepreneurs set about scaling up while keeping control of their brands - and got two very different answers.

For Lyn Harris, it was a matter of proceeding "one step at a time", and preferably instinctively. "I look back at some of my decisions and wish that I had followed my instinct. Timing is everything. If you try and do everything all at once, I think you lose the essence of what you're building, creating. Try not to go into too many countries, because when you're expanding into countries you need to be there. You also have to look at every country differently. In France, we were fortunate and took

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off relatively early – also in Italy too, another big fragrance country."

Simon Duffy's approach was quite different. "One of the decisions we made early on in Bulldog's life was that we wanted to go big straightaway. We didn't see ourselves starting off in small stores and ending up in a big supermarket chain only at the end of five years. We wanted to go straight to being a big player. At that point we were trying to raise a sum of money that was too small for any institutional investor and also an unproven brand, so we didn't think there was much confidence for this among professional investors in the UK. So by hook or crook and through introduction, we were raising money as far afield as New Zealand, America and a little bit from the UK.

As to marketing strategy, Simon Duffy explained how this varied with retailers. "You have to remain conscious and protective of the core idea – a more masculine approach to skin care using the very best quality ingredients that we can. But you definitely have to think about the most appropriate way to launch and grow in each market. In Sweden, where it is going particularly well, we have a different retailer channel strategy than in, say, America. In Sweden we are with a very cool high-end retailer, while in the US we are with Whole Foods, where it's about being the best performing skincare brand in the leading global retailer of natural, organic foods.

At this point, Jonathan Openshaw sought a general view about design, asking whether it had not been "too long regarded as just the cherry on the cake". "The greatest trait of the designer is empathy for the customer or user," said Tom Hulme. He went on to say "the entrepreneur's best competitive advantage – and you see it in these guys and in Monocle – is a love for the customer or their readership. It is very difficult for big companies to do that. They tend to disdain their customers and disdain of customers is a leading indicator of failure. Design sensibility is about really caring about the customer. Design is becoming a real competitive battleground – as all

of our technological challenges are overcome, we are starting to compete on beautiful customer experience".

Lyn Harris insisted on the individuality of the Miller Harris customer experience. Asked how the intimacy of her business – based on showing people the laboratory below her first shop – could survive global growth, she declared it came down to "retail is detail".

"I think that is what keeps our brand alive. I have a duty to deliver beautiful fragrances, and I don't want to compromise my art, or allow marketing to crush it. Maybe you just launch one product at a time, you don't try to do too many things. But it is important not to fall in with others, the LVMHs, but rather to do something when I feel ready to do something. This is what my customers appreciate. So that when I do launch something people do notice. Actually I have been launching quite a few things recently, because I've been ready and we've got the money to do it as well."

Simon Duffy was then quizzed by the moderator about "how you communicate your brand and connect with your customers, when you work through big distributors and you don't have the luxury of a shop? The Bulldog co-founder acknowledged this was "a huge challenge."

"I would love to have somewhere to celebrate our key decisions and so on. The challenge for us in the early days is you're a small brand, you don't have the budget, but one thing you can do is brilliant packaging. We've thought of the shelf as our advertising bill board. You launch in Sainsburys, that's 16m customers a week, a huge number of people walking past your product. We don't care if it sticks out, feels odd, polarises some people, some people hate it – we don't need to win with everyone, to be successful we just need to engage people, get them to pick it up". Simon Duffy admitted it had taken time to get the design right.

Over time too, Bulldog had come to realise that its website could serve as the sort of means of communication that Miller Harris has through its shops (and laboratory). “Online distribution is a very small part of our business”, said Simon Duffy. “But we changed our mind about the role of our website. There is so much that goes on behind the scenes to curating these products and putting them together. We can be open and transparent about why we are using certain ingredients, and where they come from, and give our position about animal welfare. Increasingly we have thought it is a good opportunity to interact, and have direct conversations, with our customers. So online is not the guiding principle, but it plays a role”.

With regard to transparency, a questioner from the audience asked about natural ingredients. Lyn Harris said that as a producer, she was heavily regulated. She also pointed out that natural products could cause some allergies. Simon Duffy said more transparency would help, but noted the public’s inconsistency on animal testing. Surveys showed a vast majority of people were against animal testing, but had so far failed to make Bulldog, the only brand in its category certified not to use animal testing, the market leader.

A question from the audience on the freedom for retailers to determine product display again provoked contrasting responses. Lyn Harris said that while “Simon had created a brand to go into the big retailers, I have created a brand to my brief, and my brand really works better when it is controlled in my environment. As soon as you go outside your environment, into a department store then things can get more difficult”, though not always. She said she had worked with John Lewis. “They are very specific, and they don’t like to make the products look very different. But this is quite good, I will get put next to Christian Dior and big brands. They know they need niche brands”.

Simon Duffy suggested that display was something of a lottery. “Whole Foods is very autonomous organisation, each store can decide and they know their customers really well. But otherwise it’s a black box process by the big

retailers”. He likened the supermarket launch of a product to leaving your child at the school gate for the first time. You love your kid, but you don’t know whether others will or how well he or she will get on other kids in the playground.

“There is a real hierarchy about who’s on the top shelf – if you are in the top half of the shelves you will sell a lot more than if you’re in the bottom half. Moreover, big retailers mostly have their own brands as well.

“You can’t walk into these meetings and say this is how it’s going to be – you would be laughed out of the building. They are taking a chance with an unproven product. I have found them [the big retailers] really collaborative. Our experience has been very positive”.

In conclusion, Tom Hulme said he was really excited by good curation, in which “the best start-ups are making our lives easier and making sense of all the noise in a world in which we get bombarded by more and more stuff”. He said he was also passionate about taking on big industries, including financial services. “Some of the highest growth start ups are turning big industries’ perceived strengths into their Achilles heel”.

Tom Hulme pursued his tilt at big business to say that “we crave craft, we crave people investing time and effort at a time when all the pressures for big companies to cut costs, to standardise, to simplify. These sorts of brands are starting to excel. Many would say they are niche brands, but I would say many niche brands equals enormous business.” ■

ENTREPRENEUR DEBATES

Entrepreneurship lies at the heart of Pictet’s values. As such, it is Pictet’s ambition to gather together leading players in the economic world to discuss topics close to their hearts, thereby creating a community of high added-value interests for participants. We hope that you will appreciate this document, which summarises this exchange of experiences. The complete Entrepreneurs collection is available online at <http://perspectives.pictet.com/entrepreneurs>

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