

# Australian APPAREL

With a diverse portfolio, a bold approach to acquisition, and a focus on differentiated design, The PAS Group is a cut above the rest in the apparel industry.

Images courtesy of The PAS Group

The PAS Group transitioned from private equity firm to publicly listed company in June 2014. This is unsurprising, given CEO Eric Morris comes with 35 years of industry experience, and the company incorporates some of Australia's more distinguished brands, including Review, Metalicus, Black Pepper, and Yarra Trail.

Eric worked for a number of years with Reebok, first as their general manager in South Africa, then as regional director for Africa and the Middle East. After that, he spent five years in Hong Kong working as regional director for Asia-Pacific, first for Reebok and later for Walt Disney International. He came to Australia 12 years ago in order to head up Myer's private-brand division and sourcing operations.

"There's no doubt that my previous experiences influenced the approach I take as CEO of The PAS Group," Eric says. "You're learning all the time, and you pick up the best leadership strategies and styles along the way. The biggest lesson I learned from my work for national and international organisations was the importance of only putting into practice the decisions that make common business sense. You would think most businesses run that way, but I believe that generally they do not."

Eric has been with The PAS Group since its inception in 2005, and supervised the company's bold expansion over the years. "From the start, our strategy has always been to buy and build a diversified portfolio of brands and businesses in what was then—and is still—a highly fragmented market." From 2005 until late 2007, The PAS Group acquired a number of

businesses and brands, including the Melbourne-based Designworks, fashion brands Review and Metalicus, as well as Black Pepper, Breakaway, and Marco Polo.

"What we did was build a business which has a combination of wholesale and retail. We cater for a variety of demographics, encompassing mens, womens and childrens brands," explains Eric. The PAS Group also has various distribution channels, its own retail outlets, concessions to department stores, and wholesale supply to department stores. The company also constructed a thriving discount department store business, as well as servicing close to 1,000 independent accounts across Australia.

"We had eight of our own stores in 2005, and to date we have 253. It has been a huge period of growth for us," says Eric. The company's >

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success has been achieved against the odds. While some retail businesses—particularly food and beverage stores—continued to perform in spite of the crisis, those relying on discretionary spending felt the effects more severely. Eric explained his response: “I firmly believe that when you go into situations like the GFC, there’s a need to be bold: standing still is sometimes going backwards.

“It’s necessary to continue thinking about how you can grow the business and take advantage of the situation. As people changed their shopping habits in the wake of the GFC, the whole market took some strain, but our diversification enabled us to weather the storm reasonably well.”

After 2007, Eric readjusted the company’s focus towards integrating and growing the acquired businesses. The process entailed assessing where savings could be made, and determining which elements of the businesses could be integrated from supply chain, human resources, legal, payroll, and IT. “We were also able to negotiate a very good deal to develop a facility for our corporate headquarters, where we moved a number of our brands from their former locations,” Eric adds.

Despite The PAS Group’s substantial growth, the company’s dedicated CEO has no intention of

resting on his laurels. Looking towards the future, the focus will be on implementing an impressive, seven-part growth plan, upholding Eric’s tenet regarding the value of common-sense planning. “The first element of our growth plan is the continued roll-out of retail stores. We will continue to expand by opening an additional 90 stores over the next three years.”

There will also be a focus on acquisitions in the coming years, which Eric splits into two categories. “In some instances, we look to integrate businesses which are going through difficult times into our infrastructure, then leverage off our resources to turn them around. Yet as we’re constantly looking for continued growth, we are also interested in businesses that are strong in their own right. When The PAS Group was listed in June, the proceeds were used to pay down all debt. As a result, an acquisition facility was established with the company’s

banking partner in order to buy more businesses using strict acquisitional criteria.

“The brands we look at need to have a niche in the marketplace. One of our organisation’s key elements is our differentiated design. All our successful brands have their own niches in the marketplace, and that’s really necessary with the arrival of new international players. We’re certainly not going to be buying any businesses that compete with Zara, Topshop, or H&M. We also ensure that potential acquisitions have a management team that could work within our frameworks.”

Other components of The PAS Group’s growth strategy focus on brand licensing and loyalty programs. For the former, the company is constantly adding new licences to its portfolio, which includes Everlast, Karrimor, Slazenger, and Fred Bare. For the latter, the comprehensive loyalty programs in place at Review and Metalicus are constantly being enhanced, with a new loyalty program being launched for the Black Pepper brand, which services older consumers, often in regional areas.

Like many businesses, The PAS Group is realising the potential for growth presented by the internet and social media. “The internet allows us to engage directly with our consumers, and constitutes a whole other platform from which to sell our products. It also facilitates a practice which is becoming common among consumers, where they research online and purchase offline.”

For Eric, improving the old is just as important as maintaining the new. Another strategy is to continue refreshing a number of The PAS Group’s existing stores, as well as launching product and brand extensions. For instance, the group’s popular Review brand will shortly be launching a sleepwear collection.

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In addition, The PAS Group will continue to foster its productive relationships with business partners like Investec. “Investec are our advisers for our acquisitions,” says Eric. “They are a highly professional organisation who understand the apparel sector.”

Throughout both triumphs and challenges, The PAS Group has always sought to embody some fundamental principles: “Trust is a key value for us. We’re always seeking to inspire trust and responsibility in our relationships. Together with trust comes the need for transparency, so we also maintain high levels of open communication.

“It’s also important to treat everyone in your organisation with dignity and respect. We like to uphold all these principles, and have some fun in the process. We ensure that our values are instilled in our employees from induction, and also form a part of everyone’s key performance indicators throughout the organisation.”

The PAS Group’s commitment to these values extends to its relationships with both corporate and individual customers. “We have a large retail segment, so it’s crucial to keep the consumer’s interests at the centre of our



operation. We maintain our connection with the consumer using regular electronic communication. We also recently started using live chat on some of our brands’ websites: this allows customers to chat to our customer service representatives online.

“Within our stores, we try to engage with our consumers and get as much feedback as possible about what their requirements are. But the wholesale side of the business is a little different, because our customers are the Myers, Targets, or Kmart’s of the world. We pride ourselves on building relationships with these organisations.”

Under CEO Eric Morris’s adept leadership, The PAS Group will continue to place an emphasis on trust and transparency, while continuously growing its retail and wholesale portfolios. •

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