

## OnLine Case 9.3

### Michelle Mone and MJM International

MJM International, the business started by Michelle Mone, is in the lingerie business, albeit focused on selected niches. Michelle left school in Glasgow at the age of 15 to become a fashion model. Her father had been confined to a wheelchair, paralysed by a rare blood disorder, and she wanted to help out with family finances. She was brought up in a one-bedroom tenement and the family were relatively poor. Earlier she had made money from newspaper rounds - taking on the responsibility for a number of rounds and sub-contracting the work - and distributing an Avon catalogue through school. Although she 'always wanted her own business, telling her teachers she planned to be an entrepreneur when she barely understood the word', she moved on from being a model to work for a brewery and became head of sales and marketing. When she was made redundant in 1996, she was 24 years old and a mother of two.

Supported and encouraged by her husband, Michael, a stockbroker, she started marketing silicone breast enhancers under licence from an American manufacturer. They still work together in the business, although Mone has been known to point out that many husband and wife businesses end up failing! Her heart was in this business - not wafer thin herself, she was always complaining about not being able to find comfortable bras to wear on formal occasions. 'They were so uncomfortable because they were designed by men'. Unlike a number of other entrepreneurs who have seen opportunities in distributing lingerie products manufactured by the leading brand owners, often via the Internet, it was always Michelle's intention to design her own products and have them manufactured for her. This was achieved with the Ultimo gel-filled bra which she was able to launch in 1999. Designing the product and setting up the business took three years, but the Ultimo turned out to be an instant success once distribution was sorted. Mone persuaded Selfridge's to stock in and hired actors dressed as plastic surgeons to promote the product on the pavements outside the store in London's Oxford Street. When Julia Roberts wore an Ultimo bra in the film *Erin Brokovitch* SAKS Fifth Avenue (New York) became a stockist. By this time £1 million had been invested in developing the business. Entrepreneur and business angel Tom Hunter - who had made a fortune from the sale of his chain of sports shops - had bought 25% of MJM.

In 2000 Michelle Mone was declared 'Young Business Achiever of the World' beating off competition from 14 other countries. A firm believer that her 'wee Scottish company can take on the world' she targeted other big-name retail outlets in the UK and abroad and would later diversify into related lingerie and swimwear products. It was never going to be easy, though; there is intense competition in the 'cleavage enhancement' sector of the market. In the UK she secured distribution through specialist outlets such as Rigby and Peller and department stores including House of Fraser, John Lewis and Debenhams. Mail order distribution was also part of her growth plan.

In 2001 Michelle and her husband attempted to simultaneously diversify into a wider range of lingerie products and expand into new markets as far afield as Scandinavia and Australia. Things did not go according to plan. Some of the difficulties lay in the detail. In Stockholm a photographer allegedly booked to cover the launch did not turn up. In London models booked for a catwalk show refused to model some of the garments. In Australia the launch was plagued with operational difficulties. Newly-appointed distributors in Australia and the US disappeared with stock worth around £400K between them. Mone accused them of fraud; but one is left to query how they had been appointed in the first place. The company was struggling financially as a result of this and Tom Hunter loaned money – which was relatively quickly repaid once Mone got to grips with the problems. Throughout this period the BBC had been filming a fly-on-the-wall documentary which emphasised her strengths and weaknesses when it was broadcast.

Michelle Mone had designed a new backless bra but initially the leading retailers were reluctant to stock it. Mone decided her focus would be on direct sales and mail order. When her first call centre was opened, things were fraught. The warehouse wasn't holding the right size balance for the orders coming in. Not unusually, Michelle took it on herself to sort things out. However, maybe there were also perceived problems with the product range itself - Michelle was devastated when she failed to win any awards at the Harrogate Fashion Show, when two years earlier she had been acclaimed.

Subsequently Michelle decided to concentrate entirely on direct distribution from her own call centre, abandoning mainstream retailers, but more recently she has returned to the high street. Debenhams changed its mind and ordered backless bras worth £15 million! There are now specialist Ultimo boutiques in some Debenhams and special ranges for both Debenhams and Dunnes (Ireland). Mone's 'Michelle for George' range available in Asda became the fastest growing lingerie brand in the UK. Earlier the US parent company of the Warners brand wanted to buy MJM, but Mone resisted. When the opportunity arose she turned the table and bought this US business.

The Michelle Mone story is one of advancement and setback. Determined to succeed and willing to accept responsibility, she signed her house over to a bank in exchange for a loan when she was pregnant with her third child! Always strong on ideas and with great self-belief and determination Michelle Mone has come up with a series of creative, customer-focused ideas; she realised the value of innovation in this business. Her setbacks have tended to come at the implementation stage. She has relied on others, especially people overseas, who have on occasions let her down and not fulfilled her expectations. But when she has then intervened personally her creativity and focus have generally turned things around. But she cannot always be hands-on. More recently, her creativity and resourcefulness was manifest in Michelle persuading Penny Lancaster, high profile girl friend of Rod Stewart, to model her lingerie. Perhaps not atypically, she then terminated Penny's contract and employed Rod Stewart's ex-wife, Rachel Hunter. Stewart's reaction has

been predictable!! But it was estimated that Stewart's condemnation was worth £19 million in free publicity. Mone now uses a different celebrity to promote each separate brand in her portfolio.