“Otherwise It Is Just Commerce”: Understanding Fashion Entrepreneurship

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Overview

1. Fashion Entrepreneurship and Entrepreneurial Capabilities
2. Methodology
3. The Complex Capabilities Underlying Fashion Entrepreneurship
4. Conclusions
“I don’t design clothes, I design dreams.”
- Ralph Lauren
Fashion is about change…

“In order to be irreplaceable, one must always be different.” - Coco Chanel
Fashion Entrepreneurship

- Organized around a designer
- Focus is on the production of high design clothing and accessories
- Communicated through fashion shows in various fashion capitals
- And a system of fashion magazines, TV shows, and a dedicated TV channel
UK Fashion Industry

- Estimated at over £600 million in 2003
- Grew to over £800 million by 2006
- But failure rate is very high among entrepreneurs
- Extensive fashion design training in the UK (more than 40 programmes)
Entrepreneurial firms are often built around the founding entrepreneur who identifies the opportunity and moves to exploit it commercially. Often it is the founder (or founding team) who possesses much of the technical and managerial knowledge that make-up the tangible and intangible assets of the firm. In sum, an entrepreneur’s expanding knowledge base and absorptive capacity becomes an entrepreneurial firm’s competitive advantage” (Alvarez and Busenitz 2001, p.766).
“the ability to identify a new opportunity and develop the resource base needed to pursue the opportunity” (Arthurs & Busenitz 2006: 199)
Research Question

• What are the unique entrepreneurial capabilities that are required for successful fashion entrepreneurship?
Method

• Ongoing NESTA Funded Project
• Interviews with 35 Designers, 6 Manufacturers, 6 Retailers, and 6 Investors in London
• Parallel studies in Manchester and Scotland
• Focus on understanding key relationships
• Archival data
Data Analysis

• First level coding
• Second level coding to produce theoretical constructs from first level codes
Fashion Entrepreneurship

- Fashion entrepreneurship is about combining design, business, and manufacturing knowledge
- Some things can be outsourced or bought in... but some things are critical for the fashion entrepreneur or the management team
Fashion Entrepreneurship

• Capability 1: Ability to develop a new symbolic language - a style - that is experienced as distinctive, consistent, and new.
“they need this kind of young energy that the designers can produce, like new ideas all the time, just like that. The industry really needs it to be inspired otherwise it is just commerce.” Jens Laugesen (Designer)
Fashion Entrepreneurship

• Capability 2: Ability to manage the process of communication on which fashion depends.
Basso & Brooke Afterparty
Basso & Brooke Celebrity Sighting
Fashion Entrepreneurship

• Capability 3: Ability to understand and manage strategic, marketing, and branding issues for the fledgling firm.
When asked about protecting IP…

“I think we just thought it was an unnecessary expense at the beginning and then you just never get around to it. I don’t actually think (pause) I think it is something that seems mad and everyone would probably be encouraged to do when they start…” - Peter Jensen
Conclusions

• Capability 1 is common in London and is the foundation of fashion entrepreneurship
• Must have capability 2 and it is rare
• Capability 3 or at least have enough to realize that a partner is necessary and to work effectively with him/her
• Capability 4 can be “outsourced”
Conclusions

• No particular capabilities relating to relationships with retailers
• Investors can play a key role in providing management knowledge and skills and business discipline but are often family and friends
• Share many characteristics with scientific entrepreneurs