

C L O S E U P

O N

Terence Conran

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To describe Sir Terence Orby Conran blandly as a designer, as many now do, is to underestimate the true talents of the man. His gift for the sort of plagiaristic shopkeeping politely known as merchandising has left him poised to merge his Habitat-Mothercare group (10,960 employees) with British Home Stores (24,355 employees). If the deal goes through, it will make him chairperson and chief executive of a company with a turnover of close to £1 billion, approaching the size of Woolworth (£1.2 billion). In some ways this seems to have happened overnight, but of course it has taken a lifetime.

Conran was born in Esher in 1931 into what he has described as a 'typical middle class family-mother was the determined one'. Father was something in a City rubber importing business. Conran was educated at Bryanston public school until he was expelled, apparently for some misdemeanour at a party. He then went on to study textile design, but left abruptly at the age of 18½ when he found himself, in his own words, 'studying textile design with 32 virgins from Surbiton who had no idea what the hell they were going to do once they had learned textile design.'

He was always fond of food and wine, and an early venture, in 1954, was a restaurant. However, the choice of name backfired - hearing of the 'Soup Kitchen', tramps flocked in, and the more desirable clientele did not.

After a period designing furniture, Conran grew impatient with the way that shops were selling - or rather not selling - his work. In 1964 he opened his first Habitat shop, in the Fulham Road in London, and he rapidly became an icon of the swinging 60s, along with fashion designers Mary Quant and Laura Ashley.

In the late 60s, Conran sold out to the stationary chain Ryman's. Key staff were only told after the event, and some resent it to this day. Rodney Fitch, now a millionaire shop designer, (Boots, Burton, Wimpy, Woolworth), recently went on record with his recollections: 'I was absolutely shattered. I was very much in love with the business and Terence had just sold it. There it was, gone, over. He just assumed that I would go with him, but I didn't. I was determined never to be put in the same position again.'

But the Habitat merger with Ryman's was a failure, and in December 1980 Conran paid £600,000 to buy back his business, which at that point was in the red. Intriguingly, despite subsequent changes of ownership, Ryman has stuck faithfully to basic Conran strategy: offering a limited number of product designs, so as to sell a lot of each line and keep prices high.

Once he had bought back Habitat, Conran seemed to move into another gear. In rapid succession, he floated the company on The Stock Exchange and then took over Mothercare, a company three times the size of Habitat, prompting derisive sniping over whether the new group would be known as Habicare of Mothercare.

Further expansionary moves included setting up a publishing company and an architectural consultancy and opening a design museum. Conran also bought upmarket furniture store Heal's and downmarket womenswear chain Richard Shops. For a time, he was also chairman of J Hepworth & Co, during the launch of its much copied Next womenswear chain.

The last few months have seen a deal which will give Conran an option on a slice of the new Debenhams (taken over by



Burton), as well as the proposed merger with BHS. Not that any of this came easily: 'I'm not proud of everything I've ever done', said Conran on one occasion, 'But at least I don't pretend to be'. One of the group's less distinguished episodes was when Mothercare copied a rain cape invented by a Scottish woman. She sued and lost.

Mothercare's defence was that there was no copyright as the cape was not a work of art.

Neither could Conran pretend to be a political philosopher: 'When you are struggling hard and losing money you are a hero, but if you are struggling and making money you immediately become a capitalist swine.'

Conran's great skill is in putting together merchandise in combinations that sell. He is said to attend every advertising and merchandising meeting for Habitat-Mothercare in the US as well as here. 'To me that is not work', he has said. However, he prefers to delegate things he is not particularly good at, such as financial matters.

To Conran, 'retail is detail', and the attitude extends behind the scenes: during the takeover of Richard Shops, Conran crashed into a lawyers' meeting to berate his chief accountant over the use of doilies on office coffee trays.

The detailed approach has paid off. Conran has hung on to most of his original upmarket customers and extended his reach downwards to the prosperous C1 and C2 categories. Complaining about the lack of imagination of British store buyers at one point, Conran noted that he had put stores in Romford and found a 'large aspirational working class'.

He added that Sainsbury's had seen the same thing when they 'tried to raise standards' in predominantly working class areas: 'What you must not do is talk down to people,' he said.

Conran's rise has come as high street power has shifted inexorably from the manufacturer to the shopkeeper, and his strategy has accelerated that process. 'You don't go to Habitat to buy so and so's products, you just go to Habitat', he has said, arguing that a wider choice of designs, and higher quality designs, are available as a result.

But the more powerful shopkeepers become, the less incentive there is for manufacturers to try anything new. If, in addition, manufacturers are virtually forced to make 'own label' goods for stores, choice is reduced even further.

Conran has admitted publicly that innovation might suffer where a product needed a lot of developing, which shopkeepers would be unwilling to fund. Given the complexity of most products today, that admission was saying a mouthful. Conran agrees that shopkeeper power could cause a crisis in manufacturing, but says he sees this as 'extremely stimulating, not gloom and destruction, death and bankruptcy'.

Looking ahead also involves looking back. In taking on BHS, Conran is almost repeating his Mothercare move. Mothercare was three times the size of Habitat. As Lord Rayner has probably noticed, Marks & Spencer is now about three times the size of the proposed Habitat-Mothercare-BHS.