

All sewn up

GLOBAL CLOTHING MAKER STAYS AHEAD OF THE PACK THROUGH INNOVATION AT EVERY STAGE FROM TEXTILES TO SUPPLY CHAIN

By JENNIFER LO in Hong Kong
jennifer@chinadailyhk.com

You may not be aware of it, but chances are you have worn one of TAL Group's shirts at some point.

TAL manufactures high-end shirts and pants for global labels including Banana Republic, Brooks Brothers and Tommy Hilfiger. The Hong Kong-based company says it makes one in every seven dress shirts sold in the United States.

"In business you really have to be the best at what you do. You can't be mediocre," says CEO Roger Lee, a third-generation member of the Lee family that founded the 68-year-old apparel group.

As the new face of the company, the 42-year-old comes across as a prudent man.

Sitting in a club lounge in Hong Kong's Mid-levels district, Lee resembles a banker on casual Friday instead of the stereotypical boss of a garment manufacturing company — wearing jeans, blue-and-white check shirt and an Eddie Bauer goose down vest — which seem to complement his clean-cut mien.

With a background in IT consulting, Lee received his degree in computer engineering and MBA in the United Kingdom. Having no prior knowledge of apparel manufacturing, he returned home hoping to "grow a career".

The top job was not handed to him on a silver platter. He spent years at TAL's factory in Penang, Malaysia, learning garment manufacturing from scratch.

"My philosophy as a professional worker is that knowledge is king. The more you know about something, the more useful you will be and the less people can fool you," he says.

Over the years TAL has moved up the technology ladder while its core business remains unchanged. "We are an 'innofactor' or innovative manufacturer," Lee says.

TAL has invested millions of dollars in researching state-of-the-art textile innovations — from wrinkle-free and stain-resistant pants to anti-bacterial and anti-UV shirts. One of its latest technologies is used to make polo shirts that absorb sweat so it does not show.

He says the FBI and some US police agencies use TAL shirts because the color does not fade. "When law enforcement agencies stand next to each other, they don't want their uniforms — after being washed 20 times — to be

in different colors," he explains.

"Men don't change clothes so often. If a shirt breaks down early, they simply won't come back to you but go somewhere else."

TAL's business has also evolved to focus on supply chain management.

Big data was already a big part of the company's operations long before the term became a buzzword. By tapping available information, about 10 years ago TAL began to help clients cut costs by reducing inventory. Its first major client was JC Penney, a US department store giant with around 1,000 outlets at that time.

TAL helps clients reduce on-site inventory by monitoring the stock in each store and placing orders automatically through a weekly or monthly replenishment program. Sales data in each store are collected to forecast demand while holidays and seasonal promotions are taken into account.

"When they need it, we replenish it. Instead of (ordering) six months ahead of time, we decide two months ahead. We are definitely going to be a lot more accurate and have less excess inventory," Lee says. "The market does require much quicker turn-around today."

But while the company is constantly innovating, TAL remains focused on manufacturing. Its consultants have invariably raised the issue of business diversification. "Everyone says, 'why don't you become a retailer and have your own fashion label?'" Lee notes.

"It's not that simple. We are not designers. We are not marketers. We are not good at visual merchandizing. We are a manufacturer," he says.

He does not believe in the company doing too much and becoming too broad-based. "My philosophy is to be focused," says Lee.

Looking at a vast market like the Chinese mainland, Lee remains cautious. Although TAL set up its first sales office in Shanghai two years ago, it has yet to regard the mainland as an end market.

Lee's top concerns remain China's economic slowdown and the excess inventory in many sectors.

"For us, we are just going to be very patient — there is much more to learn in a market that we don't know ... But we know it's going to be a big market for us," he says.

"We are not as big as we need to be, but we just need to become a better manufacturer for (local) brands."

In recent years, rising wages and more stringent labor laws in China have created

new challenges for manufacturers such as TAL, which owns two factories in Dongguan, Southern China.

"It's a struggle. It's much harder now than five years ago to make money in China," Lee says. In his view, raising efficiency is the key to survival. As the Chinese saying goes, it is harder to sustain a business than to start a new one.

When asked if he faces any pressure as the third-generation CEO, Lee chuckles. "People always say the third generation is the generation that messes up the business. Chances of success are less than 15 percent."

It was his uncle's family which founded TAL following a boom in the textile industry in Hong Kong after World War II. His father, Harry Lee, then became TAL's chairman and a well-known figure in the industry.

Today, the Lee family jointly runs the business with the founding family. The fact that TAL is a relative's business may be a relief for Lee as he is one step removed.

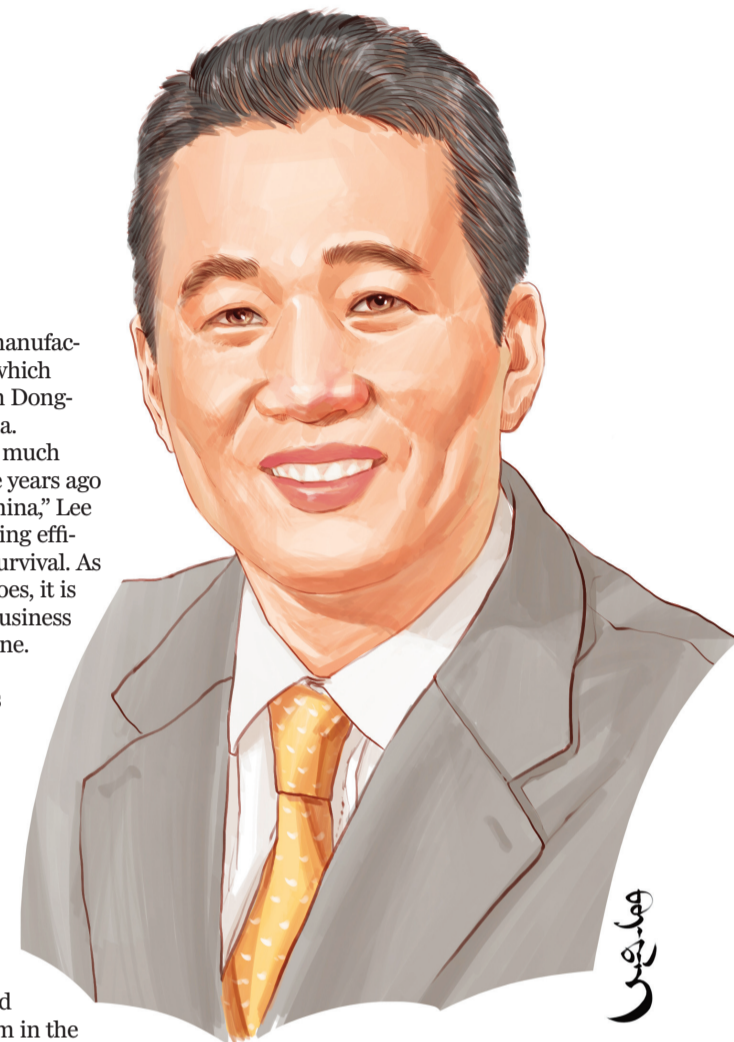
"I don't have shares in the company. I don't have the pressure per se as a family owner. I only have pressure as a CEO to do the best for the company, and every CEO shares the same pressure," he says.

Lee's challenge is how to navigate a half-century-old company through turbulent times.

TAL is now an \$850 million-revenue company that produces 50 million garments a year. It has 25,000 employees and 11 factories across Asia, specifically in Thailand, Malaysia, Indonesia and Vietnam.

The company has survived dozens of setbacks, from the 1997 Asian financial crisis to the outbreak of the Severe Acute Respiratory Syndrome or SARS in 2003. In 2008 it had to lay off a thousand workers due to a slowdown in the US market following the collapse of the financial services firm Lehman Brothers. The drastic staff cut is a decision he regrets.

"It hurt us because it cost money to lay off people. Morale was low. In hindsight, I would be patient. Don't rush to things," he says.



CAI MENG / CHINA DAILY

"If you don't have a lot of orders, it means you have extra time. Don't waste it and worry by cutting costs ... Invest more in training and traveling to meet customers."

Aside from being an astute business executive, Lee is also a devoted family man who balances his time between sports and his three daughters aged between two and eight. He believes effective time management is essential to achieving a work-life balance. By the time Lee sat down for this 11 am interview, he had already finished his early morning tennis practice and held a round of meetings with colleagues.

He has come up with rules, such as limiting himself to meetings before 6 pm so he can eat with his family, and catching up on emails when his children are in bed.

"Family is number one. Work is number two," he says.

Lee also faces no pressure as to whose son or daughter will become the next company CEO. Nurturing talent and developing the TAL business tops everything.

"As the CEO, I am responsible for growing the next generation. I am going to grow the best team, most probably not a family member for the first time," he muses.

TAL's guiding principle, after all, is that the best person should be running the business.

BIO

ROGER LEE
Chief executive officer, TAL Group

CAREER HIGHLIGHTS:

2012: Became CEO of TAL Group
2010: Promoted to chief operating officer
2005: Joined TAL Group as group performance improvement manager

1996-2005: Senior principal at a major IT consulting firm in the United States

1995: Earned MBA, specializing in strategic management, from Imperial College, University of London, UK

1994: Obtained Bachelor's Degree in Engineering from the University of Bristol, UK

QUICK TAKES:

As a manufacturer, what makes a comfortable outfit?
My products (laughs). I don't think too much about comfort. I wear our products — shoes, shirts, polo tops and jackets — to see how they perform. I also wear our competitors' products as a test.

If you could be in a different industry, what would it be?
I like to think about strategy and work with people. I am not too picky about the industry (I am in). For every industry, there is a challenge. Every industry needs strategy.

Who is your role model?

There isn't a single person. My first model is my father (Harry Lee), who taught me how to think. Then I turn to Apple, for they can create products that no one thinks they need and change people's lives.

Date of birth: Jan 31, 1973