

STAR 360 Holdings' Andy Chaw calls himself a *mai hai lou* (Cantonese for someone who sells shoes). But he has, in the space of 24 years, built a business that is invested in more than just the sale of shoes. Today, in addition to being a multi-brand distributor, Star 360 is also the brand owner of rocker bottom shoe Masai Barefoot Technology, better known by its initials MBT.

Mr Chaw expounds that people who sell shoes are retailers, and they have limited space to do things differently. Entrepreneurs, on the other hand, have to think for the future.

“Good brands will last for a long time. Hence, owning a brand or a patent is important to protect and sustain profitability and competitiveness,” he says. “The ability to scale business to a good size and expand business regionally will be very crucial for a Singapore company.”

CREATING A LARGER FOOTPRINT

Star 360 had been distributing MBT since 2009 when the opportunity to acquire the brand presented itself in mid-2012. MBT's parent, Masai Group International, was one of the pioneers within the physiological footwear segments, but had, at this point, filed for bankruptcy after incurring huge losses.

“It took me a night to think and confirm that I should seek the opportunity,” recalls Mr Chaw. “It's not just about buying a brand, it's also about the potential of expanding our distribution channels globally beyond Asia. I was excited to be able to use my networks and years of experiences from design, sourcing, distribution and retail to accept the challenges of turning around a failed business and build it to a profitable brand again. And, of course, I hoped to buy the brand and its assets at the right price!”

A MILE IN HIS SHOES

Star 360 Holdings' Andy Chaw more than just sells shoes – he builds brands and turns around failed businesses

BY MINDY TAN



PHOTOGRAPHY: CHING, CAPSULE PRODUCTIONS
STYLING: DAN FOO
HAIR & MAKEUP: ERNEST LIM, USING BOTHERM HOMME
WARDROBE: MR. CHAW'S OWN

“THE MARKETS AND CONSUMERS' BEHAVIOUR ARE CHANGING RAPIDLY – YOU DON'T NEED A FORTUNE TELLER TO TELL YOU WHAT'S GOING TO HAPPEN THREE TO FIVE YEARS FROM NOW. GATHER ALL THE DATA AND YOU SHOULD BE ABLE TO READ WHERE THE MARKET IS HEADING.”

– Andy Chaw (left), chief executive officer of Star 360 Holdings



▲ **WALK THIS WAY**
To improve the customers' experience in its MBT retail stores, the group actively rolls out new products seasonally



PHOTOS: YEN MENG JIN

He managed to close the deal, buying out the parent – free of its more than US\$200 million debt – two months later. “During the intense negotiations, somehow I was able to convince the administrator and the creditors of the urgency to put the brand and its assets on sale within 75 days after bankruptcy. I do believe that a brand that goes down with no supply to the marketplace for too long will be difficult to revive.”

Significantly, the deal opened up Europe and North America for Star 360, making it a truly global player. “We used to focus on South-east Asia back in 2006. By 2009, I was actively expanding in the Asia-Pacific region with many invitations by brands due to our good performance in Asean,” says Mr Chaw.

“With the acquisition of MBT, we expanded our distribution networks across Europe and the US. Currently we have a total of 25 subsidiaries in 17 countries, supplying close to about 12,500 points of sale across all the brands. And with these distribution networks, we expect to grow annually by 25 per cent.”

It has not been an easy road however, given that he has had to turn the business around.

“I'm not impressed by my sales staff who sell MBT shoes in our store within a few minutes without professionally presenting MBT's many

benefits. Instead, I would prefer that they spend 10 to 15 minutes explaining the importance of a good pair of shoes and the correct usage and the benefits of MBT. I believe that a well-served and satisfied customer will stay with a brand for life.”

To improve the customers' experience in its MBT retail stores, the group actively rolls out new products seasonally, and is also hard at work introducing new retail concepts.

“We prefer to partner with franchisees that are well trained by my team, who roll up their sleeves and manage the store. It is important that they are able to sell shoes professionally rather than engaging distributors to sell the shoes wholesale without proper MBT retail store experience,” says Mr Chaw.

FILLING HIS SHOES

The shoes themselves have undergone a metamorphosis. Today's MBT shoes are trendier and are one-third lighter, says Mr Chaw. A typical size 9 shoe for instance used to weigh 550g while now it weighs about 380g, thanks to the introduction of lightweight sports technology materials used in most sport shoe midsoles.

“I came from the dynamic sporting goods industry and am well trained in biomechanics. I know the importance of shoes being lightweight,

and of motion control and cushioning features in footwear.

“I don't see why some sports performance shoe features and benefits can't be introduced into normal dress or casual shoes. So what I did was I changed the old construction and replaced them with materials that are lighter, more durable and performs better. We have also migrated the production base to top notch shoe factories that are producing for major sporting and fashion brands for technical know-how and quality.”

Beyond introducing sports features into the shoes, Mr Chaw drew on his 24 years of experience in the industry – and his love for Ferragamo shoes for how they can be wide enough to accommodate Asian foot types but yet are so well made that they look sleek and attractive – and poured it into the shoes.

Today's MBTs are made for maximum comfort by a Japanese shoe master who produces shoes for the Japanese royal family and other celebrities. The fashion range is fashioned by Italian designers, and its sports shoes are created by American designers based in Boston and Portland who design for major sports brands.

The company has also engaged a marketing agency in Boston to market the launch of a new range of running shoes with new patented

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– **Andy Chaw** (below)



features, just before the Olympics next year. It has also expanded into new product ranges which include compression socks, performance insoles, compression wear, and by fall/winter 2016 expects to roll out a range of performance sportswear.

Mr Chaw says: “The acquisition of MBT provided a good global distribution for the company. It is not easy to start a brand from scratch, and to build a global distribution network needs a lot of effort, investment and time. I’m very blessed that I was at the right place at the right time to be able to acquire the brand and its wide distribution networks in 42 countries in an attractive package.

“We have successfully turned it around . . . It took me two years to remodel the brand – it took longer and was more challenging than I expected – but the good news is the house is now in good order and it’s profitable. We are going to grow

significantly, with all the new shoes and products that we are going to launch in the near future.”

KEEPING ONE STEP AHEAD

Internationalisation is the key to survival. “In the last nine months, retail has been very soft – it is not normal, and it is also not expected. With major currencies depreciating against the US dollar, driving imports costs up, we are affected too,” says Mr Chaw. “I am glad we are operating in different continents and are often presented with many business opportunities, hence we are in a better position to spread our risks and are able to weather the situation. I believe this is a good time to take calculated risks and take position. But we will be very careful in choosing the opportunities as we are also very mindful of the risks around us.”

Star 360 has 22 shops in Singapore at the



◀ **IF THE SHOE FITS**
Today’s MBT shoes are trendier and are one-third lighter



PHOTOS: YEN MENG JIN

moment, with plans to grow some of its brands and set up more retail shops.

“When you have distribution and retail offices in 17 countries, you are exposed to a lot of business opportunities. I think it’s important for SMEs in Singapore not just to trade here but look at the regional markets. For any business, to grow and expand overseas is like breathing oxygen. Given our rising costs and the small market in Singapore, there is a need to go regional to grow and survive in the future.

“The markets and consumers’ behaviour are changing rapidly – you don’t need a fortune teller to tell you what’s going to happen three to five years from now. Gather all the data and you should be able to read where the market is heading.”

Having already established its global footprint, the company has, for the past year, been pushing itself on the digital front, although it has been a painful journey. In Mr Chaw’s words, the company has had to “break our own bones to ensure we have what is required to be an online player”.

Looking ahead however, Mr Chaw is confident that his online business will be a major contributor to the bottom line in the coming years. “Online business is now 3 per cent of our total sales with not much effort put in. The margins are very encouraging. We intend to grow this number to about 7-8 per cent next year, and hopefully five years later it is able to contribute 15-20 per cent of our total group sales.

“There are three growth engines for the group going forward – online sales, MBT sales, and multi-brand distribution and retail. With these growth engines, we are quite comfortable to achieve the top line and bottom line that we have targeted for the next three to five years.” ■