

# "AS LONG AS WE FOCUS ON WHAT WE DO WELL, AND IF WE ARE EFFICIENT, WE SHOULD BE ABLE TO CARVE A MARKET FOR OURSELVES.

- Tom Ng, founder and director, Pazzion Group

various industries including oil and gas, climbing up the ranks to become a regional sales manager.

It was then that he had the opportunity to manage business operations for a local shoe retailer and wholesaler (he declined to name the company). There, he learnt the ropes on everything shoe-related.

"I was locating factories, understanding the manufacturing process, spending time in shoe factories, and learning from the Japanese (clients) as they are meticulous in their details," he explains.

It was in 2000 where he got bit by the entrepreneurial bug and decided to start a wholesale business of his own, in which he acted as the middleman for clients to secure shoe factories that could manufacture to their standards in terms of pricing, quality and production capacity.

This involved ensuring that production is on schedule, materials and accessories match the specification, and performing final quality assurance checks before shipment to Japan and Europe, he adds. All this gave him the know-how and the courage to start his own retail line.

Interestingly, he started off in 2001 with a line of men's shoes known as Barcode with a retail store in Far East Plaza, off Orchard Road, as that was considered quite a novel concept in Singapore then.

Shortly after that, he was approached to open another store in Bugis Junction, followed by an opportunity to sell shoes in Tangs. At that time, he was still doing his wholesale business, in which he was mainly producing ladies' shoes for export.

"It was in 2004 when I started to realise that there was a lack of ladies shoes that were well-crafted and well-made with decent pricing. That's when Pazzion developed," he explains.

But with limited resources and manpower, Mr Ng made the decision to put the men's label on hold to focus fully on Pazzion as he saw much more potential on that front.

The first Pazzion store opened in 2005 at Marina Square, in which he pumped in S\$200,000 as an initial investment. It did so well that it caught the attention of other shopping malls which came flocking to him as they thought that his concept of ladies' shoes was "something fresh", he explains.

This was followed by stores in Bugis Junction, Junction 8, the current flagship store in Wisma Atria, among many others. The latest outlet that opened its doors in October this year is at upmarket The Shoppes at Marina Bay Sands, with another due to open in the upcoming Changi Airport Jewel development in 2019.

But the business was not confined to just local shores. Thanks to its burgeoning success, overseas partners began approaching Mr Ng to take the brand to their home markets.

It was also in 2005 when the business broke into the





overseas market with its first franchise in Bangkok, Thailand. This was swiftly followed by many others, including far-flung locations such as Mauritius and Russia

Mr Ng explains that Pazzion's customer demographic ranges from 25 to 35. "Pazzion aims to provide shoes for the cosmopolitan woman - someone who wants trendy shoes and is also concerned with comfort and pricing. Our objective is to marry these three together," he declares.

### **CUTTING LOSSES**

Today, shoes are designed in-house and manufactured in China, where Mr Ng keeps a close watch on quality by flying there personally several times a year.

Singapore remains the headquarters, where the main office in Kaki Bukit is located together with the warehouse. The company moved there about two years ago, he says. Unlike many SMEs which regard the workplace as functional at best, Pazzion's space is aesthetically pleasing with modern, Scandinavian décor, complete with brick walls and wooden furniture.

"The objective for such an office is to create a more open concept rather than a typical desk office where there's just white walls and desks," explains Mr Ng. "I wanted to create something more conducive for creativity and open

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communication, so that people are more encouraged to communicate with each other and happy to come to work."

With almost 40 people in the Singapore headquarters and the majority of them fresh-faced millennials, Mr Ng says that manpower continues to the biggest challenge for the business, aside from the usual cost concerns of overheads and rental.

"It is a challenge across all industries, especially retail and F&B (food and beverage). I have friends who had to close down their business because of manpower issues," he notes wistfully. "To recruit more is a challenge, so expansion also becomes a challenge."

But he is unfazed about the obstacles so far, counting them as part and parcel of being an entrepreneur. "At every stage of the business, there are different challenges to face," he explains.

When he first started, for example, he had to singlehandedly juggle most of the work himself, such as stocktaking. At the next stage, it was recruiting the right people for the job.

By far, the hardest calls he has had to make thus far is to close certain stores that may not be profitable in the long run. "Cutting losses is always tough because you have already put in the effort to start them," he explains.

Being a businessman requires making tough choices at every phase, and making the "right decision" used to keep him up at night, recalls Mr Ng. It was a conversation that he had with a friend - a primary school teacher - that helped him shed light at a point in his life when he was fretting about making an accurate move.

"I always remember what this friend said: You should not worry or regret decisions because you make it based on the best available information presented to you at that point in time," he says. "Even if things turn out unfavourable, it will just be part of how the business has grown. That always stuck with me."

#### THE NEXT FRONTIERS

But in a fickle and competitive industry such as retail, Pazzion cannot afford to cruise on its current achievements. "As a company we should always be growing. If not, we will be stagnant," says Mr Ng. Indeed, the business not only faces competition from local footwear companies, but from overseas retailers keen to snatch market share.

Over the years, Pazzion has been rapidly opening franchise stores overseas and coming up with new concepts to attract more customers, such as its "Mom and Kids" range that offers matching shoes for mothers and kids. It started out as a capsule collection, or temporary range, but it proved so popular that it has become a staple in stores, says Mr Ng.

For that, he drew inspiration from his six-year-old daughter. "I get her to try prototypes as a preliminary assessment for the collection," he laughs. "She's a good



BUSINESS, THERE ARE DIFFERENT CHALLENGES TO FACE.

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gauge of what works or not."

But new product ranges is not enough in today's climate. More significantly, Pazzion is ramping up for its next stage of growth, which Mr Ng believes will come from two main areas - e-commerce and overseas.

Aside from Pazzion's own online store, it has recently hopped onto Chinese e-commerce platforms TMall and Xiao Hong Shu (or Little Red Book) to reach out to overseas market. "We have been exploring e-commerce aggregators (such as Zalora). We cannot ignore the trend as we are aware this is an emerging market," he says.

To ride on this wave, Mr Ng has been rapidly building up an internal digital team. Just three years ago, there was only one person managing the e-commerce platform. Now, there are six people, including an in-house photographer and graphic designer.

It is also in the process of revamping its own website, together with new customer relationship management (CRM) software, to become more user-friendly and to understand customers better. While he declines to disclose the amount of investment, Mr Ng says that it is a necessary investment to grow its e-commerce pie.

"I would say that the most important (factor) is creating a seamless omni-channel experience for our business online that would attract the attention and 'clicks' from our customers and new audiences, targeting all the various countries and local nuances, and of course - managing all the various costs and overheads," he says

E-commerce aside, Pazzion is also taking a more active approach to its overseas expansion strategy. In the past, it was overseas partners that approached them to set up franchise stores abroad. But now, Mr Ng wants to take the initiative to explore new markets, be it through joint ventures, own stores or franchising.

As such, a business development team that looks at opportunities was also started last year. "Most of the franchisees usually come to us, but it's important that we are more hands-on and take more initiative to look for partners rather than wait for partners to come. It's a recognition of our brand, but we also need to do our part to be more proactive," he says.

The company is currently in talks with parties from Indonesia and China to open brick and mortar stores, he shares.

### **STEPPING INTO THE FUTURE**

With e-commerce and overseas expansion expected to be the two growth engines for the next three years, Mr Ng certainly has his hands full. His advice for aspiring entrepreneurs is to be prepared for long hours and many difficulties. Perseverance, he says, is the enduring trait of all businessmen.

Even with the relentless competition in the retail landscape, Mr Ng is steadfast in his vision of Pazzion becoming an international brand. "It's very competitive, as there are not only strong local brands, but all the international brands are also setting up shop here," he says. "But as long as we focus on what we do well, and if we are efficient, we should be able to carve a market for ourselves."

