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# BY MINDY TAN

## THE GROUND BENEATH HER FEET

Right from the start, Heatwave's second generation towkay knew that she had to venture beyond Singapore

**E**VEN as labour challenges and business costs dog the family business, managing director of Heatwave, Elizabeth Tan, is not dragging her heels. The second generation towkay has set the women's shoes and accessories brand the lofty target of doubling the number of franchises that it has in the next two years, from the current 51 Heatwave stores to 102.

"When I came on board, we had three stores. In the span of six years, this is where we've come. The first five years were really challenging, and now it's about going through the next stage of growth. The next five years is (about opening in) more markets, new product lines, establishing better customer service, and fine-tuning the Heatwave brand."

### THE MAKING OF A BRAND

Established just 12 years ago, Heatwave has made some remarkable strides in this transient sector. "Essentially, we changed our business model and moved from an original design manufacturer (ODM) model to a retail, franchise model. Today, our primary focus of the business is in retail and franchising the brand," says Ms Tan.

When she joined the company, it was still in the midst of transitioning into becoming a retail house. "We did everything through trial and error. There really is no textbook for setting up a shoe brand," says Ms Tan.

"But from the start, my dad and I shared the same vision of exporting this brand and making it into an international brand. So one of the first things I did when I came on board was to create a system to franchise the brand. But in order to do that, we had to have a very strong foundation of our own."

Today, the company has a total of nine stores in Singapore. The remaining dot the region and beyond, in countries including Malaysia, the Philippines, Myanmar, Qatar and Mauritius. Looking ahead, Heatwave is looking to extend its reach further into the Middle East, as well as into China and India.

While the company is focusing on its overseas markets, it is not dismissing opportunities for organic growth in Singapore. "Labour is a real problem (in Singapore) because investing in productivity and technology won't solve the fact that if there isn't a girl to man our store or the point-of-sale system, we can't use robots," says Ms Tan.

Instead of lamenting the factors that are out of her control, Ms Tan uses the operating environment in Singapore to sell the brand overseas. "I always tell my franchisees, 'You know the conditions here. Labour cost is high, you can't even hire now, and rentals are so high. But if we can survive and thrive here, it would fly in your country.' Because in terms of opportunity, they have so much opportunity to



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*Elizabeth Tan, managing director Of Heatwave*



PHOTO: YEN MENG JIN

make from the costs that they don't have that we have,” says Ms Tan.

“That's why from the start Heatwave was conceptualised as an international brand. It's a reality that Singaporean brands have to face.”

#### DIFFERENT TACTICS

Not that it has given expansion plans in Singapore the boot. For now however, it is looking to expand its market share through a host of different tactics, including improving customer service and e-commerce.

Heatwave's e-commerce website was launched two years ago. “Running an online store turned out to be a completely different ballgame from running a brick and mortar store,” says Ms Tan.

“But it definitely shows promise of growth; and in the current circumstances, online could be a great source of revenue. So we're definitely investing a lot in terms of IT (information technology), back-end, testing out different workflows . . . I do foresee that e-commerce will be a big part of our strategy. It already is, in our (presence in) other countries like Indonesia. I think it's just a matter of time. In retail, you have to consider e-commerce as part

of your strategy.” The company is also looking at ways to leverage technology to improve its customer service. One of the ideas that Ms Tan is mulling over is implementing touch-points in-store, which will allow customers to browse for sizes and designs. “If they cannot find something they want in-store, they can go onto the touch-point and see if it's available in another store,” she says.

It is also looking at ways to better communicate some of its products and promotions. This would extend its outreach beyond e-mails to, potentially, mobile-commerce or m-commerce.

The company started leveraging technology to try and improve productivity early. “Back in 2009, we started to implement a new enterprise resource planning (ERP) system because we foresaw that there would be a lot of these issues. Now it's more pronounced but these issues were already present then,” says Ms Tan.

“So we were trying to find more effective ways to link up our back-end inventory to our store to get products to the stores faster, make sure that our staff have good knowledge of what's in store, what to sell. It's still an ongoing project, it's never ending.”

She adds: “It's a fact that there's a manpower crunch . . . it is difficult for us to find Singaporeans to man the shop. Even though



we are completely willing to invest in training, invest in making them more productive, in the first place it's been difficult to hire such candidates.”

#### STAYING FRESH

Despite the manpower challenges faced by the company, Heatwave is not allowing that to get in the way of business. Every month, the brand rolls out between 40 and 60 designs to ensure that there are fresh designs on the shelves.

“Generally, most fashion houses work seasonally. Per season, they will churn out maybe 30 designs. But Heatwave produces designs monthly,” says Ms Tan. “It's a lot of designs and a lot of work because to design and produce a pair of shoes, it takes two to three months.”

Heatwave has also gone beyond shoes, and started retailing bags last year. “But our main focus is still on shoes,” says Ms Tan. “It goes back to our roots as shoemakers and that we're very passionate about shoes. Within this category, there's so much we can still do. Sometimes we take a popular design that's been on the shelves for years, and we keep finding ways to improve it.”

“Be it better materials, better soles, we innovate, create our own materials, and then maybe even produce a product that's even better quality. And if we can do it at a lower price – even better.

So we do spend a lot of effort on creating a better quality product and reinventing that each time.”

She concludes: “Everyone (goes on about the labour issue but) I think it's about what we do about it. Being in this situation is forcing us to be creative . . . It's forcing us to fine-tune our business model and our HR (human resource), how we manage our staff, what's our company culture, how we retain people, and to be on the edge and stay competitive.”

“So I guess in a positive way – while it's really giving us a lot of pain – the flip side is that if we do emerge from this, then it will make us a better company and stronger for international growth.” ■



## MORE THAN JUST A BRAND

IT is not something that the shoe-maker advertises, but the way that Heatwave is run is quite different from most other firms.

“Our vision, being a part of women's journeys, is something that's very important to the company. We don't just want to be another fashion brand. We want to be a woman's brand, something that real women can turn to and trust,” says Elizabeth Tan, managing director of Heatwave.

“And as a part of that, we are involved with a lot of corporate social responsibility (CSR) activities, some of which involve women's health programmes.”

One of its recent projects was with non-profit organisation Global Clinic, where Ms Tan is the strategy and projects head.

Based in Singapore, Global Clinic is a humanitarian organisation which comprises medical and non-medical volunteers. It aims to provide free and quality health care to people who suffer from a lack of – or inadequate – medical care, due to poverty or poor medical infrastructure.

The project, which was jointly organised by Heatwave and its partner in Myanmar, benefited a total of 5,000 patients.

Of these, 1,900 eye patients, 500 women's health patients, and more than 700 dental patients were treated.



Additionally, over 200 cataract surgeries and 43 cleft palate and lip surgeries were conducted.

“It was a rewarding experience, and a great experience working with a Heatwave partner on a social project because it showed that Heatwave as a company is not just about shoes. We like to give back and make a difference. So that was a huge milestone for Heatwave,” says Ms Tan.

Beyond giving back to the community, being socially responsible has also shaped the way that the staff interact. “It's a mindset and a learning experience. Within the company, we are very open to learning. And I think it helps relations as well when we are solving problems because everyone is more open, more willing to learn, and more willing to take risks.”

It boils down to making the company's vision more than just a statement on a piece of paper. “We're not a charity, but a mindset – we want to be a brand that does service to our customers. Even in a small way like making a product that doesn't give (our customers) blisters, making sure that our pricing is reasonable. You don't have to pay a few thousand dollars for a good pair of shoes. We want to make a good quality product that is reasonable and accessible,” says Ms Tan.

“Somehow, doing charity work and thinking that way helps because it allows us to put people first, put our customers first instead of thinking oh, what's our next KPI (key performance indicator), what's our bottom line. Those things are important, but for me, it makes the business and running the business more meaningful.” ■