

# Do like Sir Alan Sugar and tell useless flooring company managers: **You're**



**'The decline of the British carpet industry in the last half century was primarily due to incompetent managers keeping their minds closed to changes'**



# Fired!

This is the view of **John Hone** (above) who has just retired after nearly 50 years in the floor coverings industry. The day before packing up his carpet samples for the last time, John spoke for thrifhtly to **CFJ** editor Alan Bakalor:

**AB:** You joined the carpet industry when it was thriving. Since then – no reflection on you – it went into a gradual state of decay. Why was this?

**JH:** From the 1960s onwards there was a mistaken belief among the major British carpet manufacturers that woven carpets would last forever. The problem was that they did last forever, and they were very labour intensive and very complicated, requiring loads of expertise. Meanwhile, other countries were experimenting with other types of carpet manufacture, notably tufteds.

However, the UK carpet industry was determined to carry on producing wovens; they had the blind belief that everyone would love pattern carpets for eternity. But you can never turn woven carpets into a volume industry; tufting allows you to make better carpets for less money.

**AB:** Why did these facts not dawn on the carpet manufacturers?

**JH:** The basic problem was that they failed to run self-imposed health checks on themselves and on the industry to see where it was really going. There were loads of relatively successful woven carpet manufacturers, but all gradually went to the wall because they ran out of steam. They simply failed to identify that the marketplace was changing and they weren't changing fast enough to take advantage of that.

One or two tufted carpet manufacturers were established and started taking the market away from them. Then, after losing business, they started sacking staff, but nobody ever sacked directors. There were many family companies, so there was loads of nepotism. People were brought in just because they had the same name as the boss.

**AB:** So you say that the steep decline of the British carpet industry mainly down to poor management?

**JH:** Yes, and alcohol. (laughs). It's true, the carpet industry could float on a sea of alcohol at one time. But it's best not to dwell on that.

**AB:** OK, taking a sober look, what should they have done?

**'The basic problem was that the carpet manufacturers failed to run health checks on themselves and on the industry to see where it was really going'**

**JH:** Let managers manage and directors take responsibility for the decisions. They should not be frightened to get rid of managers whose mindset is totally at variance with the direction in which the company has to go. It's simple textbook stuff.

**AB:** And be ruthless in firing them?

**JH:** Definitely! Managers and directors have to pull the people with them. It's a team effort. It's no use if the top man understands where the company is going but he isn't able to communicate that to the rest of the staff and they aren't behind him, as committed as he is.

There are tough decisions in the carpet business. You have to ask difficult questions: Are your managers the right people for the job? Are they contributing to the welfare of the company? For many years those questions were unheard of.

You have to re-assess your total package, look at what you are doing, where are you going, what your market is, what needs developing, what needs getting rid of. It is a hard route to follow.

**AB:** Most managers in this industry are supposedly senior in terms of age. Do you welcome the introduction of young blood into the industry?

**JH:** It should be recognised that experience counts for a lot and people should be hired for their abilities not their age. It's all very well having a policy of hiring younger managers, but too many of them seem to have all the business qualifications but not much experience and often very little product knowledge. They may have plenty of energy

but it's not necessarily properly focused because they don't know enough about the product.

**AB:** How have attitudes to work within the industry changed over the years?

**JH:** I know plenty of people whose approach to work is vastly different from mine. How many people know what real hard work is? I worked all hours. If you enjoy what you do you, go for it. A culture is growing up that you only go for it during specified hours.

Sir Alan Sugar doesn't agree with that.

**AB:** Today there are only a handful of viable carpet manufacturers left in the UK. Do you foresee any more casualties?

**JH:** We are at rock bottom now. I can't see anyone else disappearing now, but I'm not saying that one or two might still have to take ruthless decisions. There will always be a core industry left with the people who excel at producing what they do well.

**AB:** You worked for a Dutch manufacturer; how are companies on mainland Europe shaping up generally?

**JH:** They have a lot more to worry about, because cheap is cheap, and people's aspirations, as far as carpet is concerned, have turned against cheap; they want value. The big volume European producers are closing down plants. They're having an unhappy time because their volumes have disappeared.

**AB:** So you obviously deplore the continual focus on price?

**JH:** Correct. Too many companies ask: 'How do we lower the price?' The real question should be is: 'How do we increase the value?' You have to sell value. The only companies who will survive the ups and downs of the economy are those that sell value, because they are able to make a decent margin. Bog standard cheap will never keep an industry going.

**AB:** If volume manufacturers are having trouble, where does it leave the multiple retailers like Carpetright?

**JH:** They are totally responsible for the state of the market, and in my view they don't have any concepts or standards of excellence. If you want to market a range of products, you can have a cheap one, but that should not be your main business.

The harder the multiples push carpet manufacturers to keep prices down the worse it gets, because nobody earns decent money.

## Half a century in carpets: 'I would do it all over again'

AFTER nearly 50 years in the carpet industry, John Hone says he would probably make exactly the same career choice if he had his life over again?

'I made a conscious decision to go into the flooring industry. It has been good for me, and given the same set of circumstances, I would make the same decision again.'

In fact, his vocation was strongly influenced by his family with his father in the carpet trade and his grandfather coming from the furnishing and textiles industry. This is notable because there was no carpet industry anywhere near where John grew up in Chelmsford, Essex.

Having just left school, John Hone, aged 17, took the train on September 21, 1959, and travelled up to Halifax with his motor cycle in the guard's van, all set to report for duty at his first job.

It wasn't his first time in Yorkshire. As a youngster with friends and family there, he had spent many a happy holiday in the white rose county.

He had applied to two carpet companies, Firth and John Crossley & Son (both of which have since ceased trading).

Firth offered a three-month induction scheme; but he opted for Crossleys, which provided a three-year management trainee scheme.

'Crossleys offered a much more developed and rounded education, including textile technology courses at the local tech. I went through every department, axminster manufacture, wool and yarn spinning, plus jute and cotton, everything to do with making carpets.'

'The Crossley philosophy was that if you want good quality managers in your business you have to train them properly from young.'

At that time Crossleys had a workforce of 2,500, a big employer in those days. John was lucky because 18 months into his management traineeship a vacancy came up for assistant export manager.

Impressed with his progress, Crossleys offered him the job. Three months later by another quirk of fate, the export manager suddenly died. So, at the tender age of 19, John was promoted to head the export department at John Crossley.

In 1970, after 11 years in that position, he decided to move on. He had become unhappy

after senior management changes and 'differences' which had arisen.

Associated Weavers in Bradford, was his next employer. 'In eight years I helped to build the turnover at AW from about £300,000 to £12m, but by 1978 I was still on £9K a year with no bonuses or commission.'

After a brief stint with Yaughal Carpets in Ireland, he became self-employed, including being managing agent at Telenzo.

He continued with the company after its purchase by Edel Tapijt in 2001 (becoming Edel Telenzo) until his retirement last month.

During the intervening period of 30 years John has also handled agencies for a variety of floorcovering companies, such as Balsan and, in the wood sector, Grundorf.

Is he looking forward to his retirement? 'Yes,' he says, albeit cautiously. 'I think every man comes to a point in his life where he says, I've enjoyed what I have done, and it's enough.'

His interests include golf, walking and playing the violin. He adds: 'I am hoping to learn the piano and I have various plans on how to spend my leisure time in a way that I have not been able to do in the past.' **CFJ**

### **AB: Are you more optimistic about the remaining British manufacturers?**

**JH:** Most have recently appointed non-executive directors and started running health checks on themselves. But there is another issue which concerns me – the problem of the recruitment of personnel.

Highly qualified people are taking quite important jobs in the floorcoverings industry, but their experience is sadly lacking. They may have management degrees, but they have to work with other people. They have to lead, empathise, manage and understand other people. But can they? And how well do they understand the products?

I started in the industry where people coming in were taught properly how this product was made. So they knew what they were talking about in front of the customers. This has been lost, and it should be found again. It is the bedrock on which successful industries are built.

### **AB: How much will the economic slowdown impact on this sector?**

**JH:** The manufacturers producing huge volumes of carpet for very little money will find it especially tough because the budget end of the market is going soft. People with very little money who used to buy budget products, now have even less money so they don't buy carpets at all. The only area of the carpet industry that will carry on is the middle to better end.

### **AB: What future do you see for woven carpets in particular?**

**JH:** They will certainly never regain a dominant position ever again, because they have ceased to be universally desirable in the

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eyes of the consumer, who now prefers plain carpets. You make plain carpets on tufting machines.

### **AB: What about plain Wiltons?**

**JH:** There will probably always be a niche market for high-end Wiltons, but never the demand that used to exist, simply because tufted carpets can be better at a much lower price.

**AB: Should British carpet manufacturers have focused more on contract where margins are higher and woven carpets are more accepted?**

**JH:** Other than soft contract, it's not really an area in which you can dabble. It requires investment and commitment. You have to reach a certain standard of excellence because your carpet has to perform. It's a more disciplined side of the industry.

### **AB: But do you see opportunities in contract for British manufacturers?**

**JH:** Certainly. Hospitality, for example, is one of the few areas of the market increasing in both value and quality terms. And a lot of people have recognised this and are keen to take advantage of it.

**AB: Some people question the relevance and importance of trade shows. What is your view?**

**JH:** They are very important, especially for retailers to see what's going on in the marketplace, and who is doing what. It is amazing how few retailers bother finding out what is happening in the industry.

So many retailers say: 'The reps come in and tell me everything I need to know.' What a dangerous attitude, because he will hear from reps only what they want him to hear. They won't tell him about new technology for making tufted carpets being used by someone he isn't buying from. Then he misses the boat because other retailers are taking his business away.

**AB: What do you say to the couple of larger firms pulling out of Harrogate?**

**JH:** They think they must have either an enormous stand or, when budgets get tight, no presence at all. This is very short-sighted. Your customers will come and see you regardless of the size of your stand.

These companies obviously worry about appearances, having the 'mine is bigger than yours' approach. Nobody really cares how big your stand is. You can have a smaller stand at the show and save money. It's good business sense, not rocket science. **CFJ**