

Company Clothing

What now for Alexandra and Dimensions?

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On 6 August, the American retailer Men's Wearhouse announced the expansion its corporatewear operations with the purchase of Dimensions Clothing Limited, and certain assets of Alexandra plc for a total cash consideration of approximately £61m.

The announcement followed hot on the heels from Alexandra's appointed administrators PwC that the company had been sold to Dimensions, bringing the latest turbulent chapter in the Alexandra story to a close, and starting a whole new one for all the companies concerned.

These are, in effect, two different stories. The first to break, that of the Alexandra's sale to Dimensions, was not in fact the first of the two deals. Dimensions and Men's Wearhouse had been working together for several years on a joint contract, and Men's Wearhouse had already expressed an interest in getting involved with Dimensions in the UK. This deal was completed just prior to the Alexandra purchase in order to enable it to take place.

From Dimensions point of view, the Men's Wearhouse refinanced the company and enabled it to clean up its balance sheet, explains CEO Simon Hughes. 'I led a management buyout in 2008, after which Dimensions was owned by a private equity company and its management. Despite horrendous economic conditions over the last couple of years, the company has traded well, but we had too much bank debt, which is looked on less kindly by the banks in 2010 compared with 2008. We had been looking at refinancing that debt for equity for a while, and we have known Men's Wearhouse for many years. We wanted to work together on a global basis and grow both businesses internationally, and this was always the plan, irrespective of what happened with Alexandra.'

What happened with Alexandra accelerated the deal, but they were separate in the planning. When Alexandra went into administration in mid-July, Dimensions was one of several companies that expressed an interest. PwC were appointed as administrators on 12, and the company continued to trade as usual as the administrators sought to sell the business as a going concern.

Many will be wondering what's next for Alexandra. Will the company be absorbed into Dimensions, or continue to operate as a separate entity?

'We are not planning to merge the businesses together. The Alexandra management team will continue to run the business from Bristol but we will use group strengths where we can to improve the business. The first priority for Alexandra is to get its supply chain moving again, provide service to customers and stop it losing money.'

That Alexandra was, and still is losing money, is the biggest hurdle, but Simon believes it is a business worth saving as itself, and not as just another part of Dimensions.

'People assume that Alexandra and Dimensions go head to head all the time, but that's not the case. Alexandra is very catalogue-driven, whereas Dimensions tends to handle larger, more bespoke contracts. Alexandra is a great brand that needs restoring, and it is probably the first name that comes to mind for workwear. Yes, it is a very troubled business, and it needed a buyer with the financial clout and sector knowledge to restore it to its former position.'

Press release on Company Clothing website – www.companyclothing.co.uk

What about Prima Corporatewear and de Baer, which were also part of Alexandra?

'Alexandra were on the path to fully incorporating these brands under the Alexandra umbrella, and it is too early for me to say what will happen here. We are not rushing into anything or trying to change things. First we need to talk to the customers.'

Restoring Alexandra is a huge project to take on, however, and Simon is under no illusions on this score. 'We are aware that the next couple of years will not be easy. The public sector, which has traditionally been a core market for the Alexandra catalogue, is being tightly squeezed, and it is a very aggressive marketplace, but we are long-term players. We want a vibrant Alexandra with a strong brand and that is what we are interested in creating. We have a chance now to do that and we are coming from a much healthier position. The industry is better served by us maintaining and improving the business than it would be by a buyer who would strip out the business and sell off the assets.'