

# Director-e

Feature on 26 August 2010 by Catherine Christie



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Until recently, many in the professional clothing industry hadn't heard of Men's Wearhouse, but few would make the same claim now. On 6th August 2010, the company became a major player in the UK market as it announced its acquisition of Dimensions Clothing Limited and certain assets of Alexandra plc for a total cash consideration of around £61 million pounds.

Dimensions carried a debt but has made a profit since the start of the recession and continues to trade well. Men's Wearhouse refinanced the company and provided it with an opportunity to clear its arrears.

If it feels as though this deal has come out of the blue, it hasn't. Dimensions and Men's Wearhouse had already been working together for several years on a uniform contract, and the US retailer's interest in buying Dimensions goes back to 2008. However the timing wasn't right and Simon Hughes, working as a CEO for Dimensions at the time, led a management buy-out of the company with private equity firm Gresham from Johnson Service Group in a £82.5 million deal.

In August, though, Men's Wearhouse came in to make the purchase and Simon is now working as its UK group CEO. "Dimensions is a profitable company but the ratio of debt to equity was too high in Dimensions and I was due to bring somebody in as a partner to reduce my exposure to bank debt.

"We have known Men's Wearhouse, a retailer of primarily men's suits, for a long time. They've got a small corporate clothing business called TwinHill, who we've been working with to supply a uniform contract for some years. They were interested in investing in Dimensions in 2008 when I bought it from Johnsons and we've kept close to them all along."

Although the deal has been a long time coming, it was accelerated by Alexandra going into administration in July. PricewaterhouseCoopers was brought in as administrator on 12th July and the company continued to trade as normal while a buyer for the business was sought. Men's Wearhouse with Dimensions put in a firm bid for Alexandra which was accepted, ending a difficult period for the company.

Simon continues: "I've been aware of the fortunes of Alexandra but the Dimensions-Men's Wearhouse deal started quite independently of Alexandra's travails. However, when we saw the business in distress and, when it went into administration, we felt that we had the best combination to save Alexandra: the financial firepower of the Men's Wearhouse and the skills and knowledge that Dimensions have of the marketplace."

So how will Dimensions and Alexandra work side-by-side? "We're going to keep Alexandra based in the South West and also keep the brand. The Alexandra brand is the most recognisable brand in our industry and we're not going to give up on that – we're staying with what people know.

"We want to run both the Alexandra and Dimensions brands independently and, in the fullness of time, we're going to separate them so that they don't compete in the marketplace. If a tender comes out to the market, there will only be one offer from our group."

Press release on director-e website – [www.director-e.com](http://www.director-e.com)

“Dimensions will be an outsourced managing agent and Alexandra will primarily go back to its roots as an extended catalogue company focusing on workwear, PPE and healthcare – their core business, which we feel has been neglected.”

Before it went into administration, Alexandra was on course to merge Prima Corporatewear and De Baer under the Alexandra brand, but Simon is playing down the possibility of the move being revived. “We’re not rushing into anything here. The priorities are to reinvest in Alexandra, create financial stability and, over the course of time, talk to the customers to separate the brands out, but that’s not a ‘today’ job.”

So what results can buyers and suppliers expect in the short-term? “The things that we’ve been concentrating on in the first two weeks are placing orders, paying suppliers and starting to get sales out of the door again as this has been running down, and the administration period restricted it even more.”

Simon is under no illusions about the challenges that he now faces. While Dimensions is doing well and its financial future stability is assured through Men’s Wearhouse, Alexandra continues to lose money.

“We won’t be able to turn this around quickly. There are challenges in front of us but we do see a future in Alexandra and we are going to invest in it for the long-term.

“The best message I can send is that we are determined to grow this business and bring stability. We are going to be paying our bills and there is a chance for existing suppliers to work with the enlarged group.

“Men’s Wearhouse is a big organisation with \$1.9 billion turnover and 1,239 retail stores. It’s a very paternalistic organisation and they are long-term players who care about people. There is common sense behind this and a commitment to the future.

“Our financial ownership at Dimensions was part of a private equity business that was always going to sell it on. We’ve reached the end of that road now that we’ve got a buyer that’s a long-term owner of the business. That will create stability in Dimensions and Alexandra, and I don’t think there’s anybody other than us that could turn Alexandra around.”