

SE Entrepreneurs
 HD **How Dorry Kordahi claims he's fixing what's wrong with Australian retail fashion**
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 WC 533 words
 PD 27 August 2014
 SN BRW
 SC BRW
 ED First
 LA English
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Dorry Kordahi, valued at \$20 million on 2013's BRW Young Rich list, has just completed his second retail fashion acquisition in 15 months, and will continue to consolidate operations in a way he claims has slashed 80 per cent from the cost of opening a new Australian store.

Kordahi's DKM Blue group has purchased the Studibaker, China Doll and Lemonade On The Lawn brands from the New Twist group, which went into administration earlier this year. Along with the purchase comes an exclusive distribution license for the French women's wear fashion label, Rene Derhy.

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Combined with the May 2013 purchase of the collapsed Ambassador Apparel Group - with its Zambelli, Nick Green and NSW Police-contracted Ambassador Corporate labels - Kordahi says he's added about \$4 million annual revenues in retail fashion to DKM's original merchandising and uniforms businesses, pushing the group's overall run rate "north of \$15 million".

Kordahi estimates he can save \$600,000 in annual costs compared to when the two acquisitions were operating by themselves. Only the lead designers from each label have been re-employed at DKM Blue, whereas Ambassador for example used to employ 120 staff in Australia, across 15 retail stores and a 90-person factory.

DKM will return Zambelli to the high street, opening a flagship store at Sydney's Balmain in September, where floorspace will be shared with Akubra, with which DKM is now a licensing partner for luggage and accessories.

Models wear Zambelli, tote Akubra luggage and accessories: this concept is coming to the high street with a Balmain store opening in September.

However the approach will be radically different than under Ambassador's previous family ownership. DKM has moved manufacturing to China, where it has maintained an office for 13 years. Leveraging longstanding factory and supplier relationships, including 20-year partnerships inherited from the New Twist brands, Kordahi says he'll be able to produce runs of as little as 50 units per design, which the factory owners would never agree to were they not for a customer ordering large volume overall.

"The standalone Australian label is faced with either manufacturing in Australia, which these days only works for the real high-end, or buying minimum runs of 500 per design from China and having to warehouse them, and probably end up discounting to sell them all," he says.

The consolidated DKM approach will allow it to turn over its ranges "eight or nine times a year", says Kordahi, levelling the playing field with fast-fashion giants like Zara. He says he'll be able to open a store with a spend of about \$30,000 on stock, whereas a standalone Australian label might have to commit \$200,000.

"By bringing all the brands together, I can reduce a host of costs and make each of the brands more cost efficient in a way that would not be possible as stand-alones in this fiercely competitive industry," says

Kordahi. 'This really is the only way we can take on the massive overseas, online players that continue come on to the Australian market.'

IN iretail : Retail | i64 : Retail/Wholesale

NS c181 : Acquisitions/Mergers/Takeovers | cacqu : Acquisitions | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

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AN Document BRW0000020140827ea8r00002