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Mr. Garments: After the fire

Najam A. Anjum wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In 2003, disaster struck Syed Shujaat Ali, a self-made man and entrepreneur in Pakistan: his factory burned to the ground, leaving him with over US$1 million[[1]](#footnote-1) in debt between two banks and no way to fill his incoming orders. After the fire, while looking at the rubble, Shujaat tried to recall what orders he was supposed to deliver in the coming few days, the payments that he had to make to the suppliers of raw material, and the bonuses he had promised to his loyal workers. While no one had been killed in the fire, the entire operation they had been a part of was gone.

Shujaat’s mind was racing. He remembered struggling to make ends meet a couple of decades ago, and wondered if he could do it again and get back on track. What was the approach he used and could he replicate it now? What did he learn over the past 18 years that he could use now to recover from this disaster? What resources did he still possess, and would they be sufficient to start again? Or was his career over?

Shujaat’s Early days

Shujaat would usually come home after playing cricket in the street. His home was a 1,000-square-foot[[2]](#footnote-2) old shack shared by two families. Shujaat and his elder sister grew up in a big room that simultaneously served as a drawing room, dining room, bedroom, and sitting room. A small, untiled bathroom and a congested kitchen were also available to them in the house. Shujaat’s father sold old books at a temporary stall in the city centre, but the income from this book stall was hardly enough to run the kitchen. Shujaat’s mother, therefore, also worked, teaching at a government school.

In this destitute state, Shujaat clearly understood that in order to improve his family’s lifestyle, he would have to study hard. However, his passion—cricket—undermined any motivation to study; instead, he became increasingly involved in the addictive sport. Gifted with inborn talent, Shujaat was selected in 1981, at the age of 15, to go on a national tour as a member of his province’s under-18 cricket team. The tour proved to be the beginning of Shujaat’s cricketing career; over the next few years, he was employed by the government to play on national teams, earning a substantially higher salary as he played on higher level teams. Apart from giving him the opportunity to play a sport he loved, Shujaat’s engagement in cricket exposed him to different people, places, and situations. This exposure further enhanced his outgoing personality, people skills, and street smartness.

Economic pressure nurtures an entrepreneur

It was the winter of 1984 when, in the evening, Shujaat’s father entered the house with a sad face. His book shop had been closed by the city municipal authorities, declaring it an encroachment on public space. One of the family’s sources of income, therefore, was gone. Shujaat was 18 then and old enough to understand the growing needs of his family. His mother was still working but her deteriorating health indicated that Shujaat needed to become the supporting pillar for the house. Continuous hard work soon felled Shujaat’s mother. She was ill over a prolonged period of a few months and was eventually relieved of her duties as a government teacher. Full responsibility for sustaining the house now fell on Shujaat’s shoulders.

Shujaat had developed his cricketing career by switching jobs to join bigger organizations, but the ever-increasing expenses of the house, the cost of education for him and his sister, and his mother’s ailment soon rendered Shujaat’s salary of ₨3,200 ($213),[[3]](#footnote-3) even though larger than it was, seriously inadequate. Shujaat was constantly looking for other ways to make ends meet.

In addition to being responsible for earning the family income, Shujaat also had to regularly take his mother to different doctors. He was tirelessly juggling his education, his cricketing job, the domestic cricketing tours, and his mother’s medical care. Sadly, his mother’s illness led to the need for urgent neurological surgery. This was an expensive treatment, and the family did not have even a fraction of its cost. Shujaat’s father remained unemployed, and Shujaat’s income was insufficient. To save his mother’s life, Shujaat compromised his dignity and accepted charity from the hospital to pay for the surgery.

The constant economic pressure and, now, this unprecedented setback shaped Shujaat’s resolve to do something bigger in life. Perhaps it was this resolve and intent that led Shujaat over the next 30 years to become a successful businessman.

The serial entrepreneur rises

Shujaat’s first venture was in 1985, conceived when he was chatting with a friend who had a scarf colouring shop in the local market. The friend told Shujaat that women who came to his shop for scarves also wanted jewellery in matching colours. He advised Shujaat, therefore, to set up a small stall at the friend’s shop, selling jewellery of different colours that the women could match with their scarves. And thus, Shujaat had his first venture.

Shujaat had ₨350 ($23) in savings, which he spent buying jewellery from a large wholesale market in Karachi. The jewellery cost ₨36 ($2.40) per dozen. Shujaat sold these small pieces of jewellery, which cost him ₨3 per set, for ₨8. Shujaat earned ₨1,900 ($127) over the last 10 days of Ramadan, the final days of a holy month for Muslims, which would be followed by the festival of Eid, when men, women, and children would dress in their finest clothing.

This experience gave Shujaat a taste of what it was to make money through buying and selling. So far, he had been working for organizations as a cricket player, but now, new horizons appeared and Shujaat’s mind started going in novel directions. He thought if he could make good money in only 10 days, then perhaps he should do this for a living. However, he wanted to be cautious and took small steps.

Inspired by another friend, Shujaat began selling children’s apparel in a Friday bazaar, while also continuing with his cricketing job. The stall cost between ₨35 to ₨55 ($2.30 to $3.60) per day, depending on the size of the stall. Shujaat sold outfits that he had made by a woman who lived near his house. The sale of a single outfit provided him with a profit of ₨15–20 (about $1).

This was Shujaat’s second, but relatively bigger, venture and taught him many lessons. He learned that a place crowded with people definitely led to sales, unless there was something fundamentally wrong with the product. It did not matter if most visitors were only browsing; he learned that if he was honest and pointed out the features of the product to the buyers, they would buy it.

In 1989, Shujaat’s life underwent more change. First, very sadly, his mother died. He had done everything he could to take care of his mother, but her death was a matter of time. During the same period, Shujaat’s sister completed her degree and secured a good job, and his father went to Dubai, where he, at last, was able to earn enough for his own survival. These events greatly relieved the pressure for Shujaat; he felt more confident now taking significant steps toward developing a bigger business.

With his experience from working in the Friday market, Shujaat began to see gaps that he could fill with new services and products. Through yet another friend, Shujaat learned that residents in the posh areas of Karachi did not have time to solve their daily, small problems, and looked for someone else to take care of the problems for them. Shujaat’s action-oriented nature thus gave birth to a third venture: he provided plumbers, painters, carpenters, electricians, and medical assistance to people in Karachi. He kept this business going until 1991.

Shujaat was now constantly looking for new opportunities, and spotted another one when he visited Pak Leather Craft with another of his friends. Shujaat was inspired by the scale of work and the glossiness of the finished products. This inspiration, combined with the resilience he developed through his life’s hardships and the experience he gained through his various experiments with small ventures, led Shujaat to take the first step toward what eventually became a multi-million rupee business.

Bootstrapping to success

Shujaat did not have a large amount of money to invest in a leather business, but he could at least invest his small savings to see if the work developed. At that time, he only had ₨3,500 ($140). The last time he saved that much money, he bought an old squeaky motorcycle. This time, he used his money to buy some raw leather from a factory for ₨3,000 ($120), and took that to a tailor and had three jackets made. The design of these jackets was his own, which he named G-10. He took these G-10s to a newly built shopping arcade in the Sheraton hotel in Karachi and pitched them to a leather goods store.

The owner of the shop appreciated Shujaat’s work and agreed to keep the jackets in his shop on consignment: Shujaat would be paid only if the items sold. Shujaat agreed to the deal and came home with the hope that his design and work would be liked by the shop visitors. To his pleasant surprise, all three of his jackets were sold the same day. Shujaat received ₨1,050 ($42) for each piece sold. Thus, he made a profit of ₨150 ($6) per jacket, giving him a total of ₨450 ($18), *and* received an order for 10 more jackets.

This sale boosted Shujaat’s confidence. He began to focus fully on the leather jacket business and abandoned the Friday market and his other ventures. He took the leather from the factory on his motorcycle to the tailors in Saddar to have the jackets made; took the completed jackets, again on his motorcycle, to different shops in Karachi; and collected the money from the shops when the jackets were sold. Throughout this time, Shujaat kept his job playing cricket. At the same time, he continued with his education and successfully completed a master’s degree in economics.

Shujaat kept up his jacket distribution for a year, strengthening his network with the leather goods sellers every day. In addition to his resilience, business acumen, and resolve, Shujaat now had a strong network in the leather industry to use. Thus, the nurturing continued.

Going international

One day, while on a routine delivery task, Shujaat met an exporter who used to live in the United States. This exporter liked Shujaat’s work and asked him if he could deliver 1,000 waistcoats in the coming few weeks. This was an attractive order, but the capital required for such a big order was far beyond Shujaat’s means.

It was at this point that Shujaat learned that growing a business did not always take a lot of money. If you had a good name and delivered good quality products, then you could find ways to fulfill growing demands.

The exporter understood Shujaat’s limitations and connected him with an affluent businessman, Akram Suleja, who agreed to help Shujaat. Suleja provided Shujaat with the raw material, and once the order was complete, he, himself, exported the finished waistcoats to the United States. Shujaat’s deal for this order was $18 per piece; he was barely saving US$1 (₨25) per piece. It was a very low margin, but the number of pieces was relatively large and the order was helping Shujaat take his first step into the international market. The business deal eventually paved his way to a formal leather goods production setup.

Birth of the Enterprise

Shujaat was encouraged: he was relieved from the household responsibilities and had accumulated a reasonable amount of savings. His appetite for risk increased along with his confidence in operating in the leather goods market. Shujaat was ready to take the next big step: establishing his own factory.

It was a humble beginning. In 1993, with a mere ₨100,000 ($3,570), Shujaat bought five used sewing machines for ₨65,000 ($2,320) and rented a 600-square-foot[[4]](#footnote-4) space in the city suburbs. Next came the challenge of hiring good workers. Again, Shujaat’s network of friends was a resource: a business acquaintance sent five female workers to the factory.

These women arrived on their first day hoping to meet the factory owner, “Mr. Shujaat.” They were greeted, however, by a person with torn-off trousers, holding a broom, indicating that he was busy cleaning the floor of the building. To the women’s utmost surprise, that floor-cleaning, unkempt person was, indeed, the owner.

It was a challenge for Shujaat to retain these workers because they were reasonably skilled and able to acquire better jobs elsewhere. However, Shujaat’s friendly attitude, open workplace relationships, favourable compensation terms, and flexible arrangements afforded by the small setup encouraged the women to stay, and stay for a very long time.

Shujaat ran his factory on what was known as a “CMT” basis. Different clients, mostly exporters, would buy the material for certain designs. They would send the material and their own designs to Shujaat, who would cut, make, and trim (CMT)[[5]](#footnote-5) the raw material into the finished product. The client then took the finished order and either exported it or sold it in the local market. Shujaat sustained this practice for two years, and with the women’s help in producing quality work, the factory grew to new heights.

Normally, Shujaat would make ₨130 ($4.30) on a single piece. Out of this, ₨100 ($3.30) was given to the worker who cut and sewed the garment; Shujaat retained only ₨30 ($1). This small margin meant that Shujaat could not employ more workers and had to perform the rest of the roles required in the factory himself. He was, therefore, the security guard, janitor, clerk, tea boy, marketing and sales executive, production manager, finishing supervisor, accountant, finance manager, and procurement manager.

Although he was now running a factory with employees, Shujaat never indulged in luxuries and maintained a simple lifestyle. This simplicity helped him save, which ultimately supported the expansion of his business. Shujaat increased the number of machines in his factory, and his earnings grew from ₨20,000 ($667) a month to ₨50,000 ($1,670) in 1994, and then to ₨100,000 ($3,350) per month by 1995.

Once confident of his business, Shujaat also tried his luck at selling raw leather—an experiment that proved successful. The external market conditions at that time were also supportive for the leather business. The Western market had a high demand for leather apparel, and there were few competitors to fulfill this demand. At that time, India did not have a standing in the production of leather goods as compared to Pakistan, while China was only dealing in pig leather, which was not a good quality. The only comparable competitors to Pakistan were Turkey and Italy, but they did not have the advantage of cheap labour.

FAILURE LEADS TO SUCCESS

In the summer of 1995, Shujaat saw an advertisement in the newspaper for the Export Promotion Bureau (EPB) of Pakistan, endorsing a textile and leather exhibition taking place in Leipzig, Germany. Shujaat could now afford to go to such an exhibition. It could be a fruitful investment, creating the opportunity for Shujaat to become his own exporter of leather goods rather than only working as a CMT manufacturer. The exhibition would cost him approximately ₨200,000 ($6,250), which included accommodation, meals, exhibition fees, and the cost of carrying the products he wanted to exhibit.

This was the first time Shujaat was travelling internationally—and by air with several connections—so he was a bit nervous. Up to this point in his business journey, Shujaat’s network of friends had proven very helpful. However, he did not have a friend who could assist him in travelling to Germany. He could, therefore, only hope that he would find someone who could guide him during this expedition. Such a person appeared in Dubai—a Pakistani fellow passenger who was also travelling to Leipzig.

The Leipzig exhibition was a shock for Shujaat. Until then, he had considered himself to be a very good leather goods manufacturer, but the quality he saw displayed by several other international manufacturers at the exhibition totally eclipsed Shujaat’s collection. It was then that Shujaat realized how competitive the international arena was and what level of quality he would need to produce to claim a spot in the global market.

Shujaat sat at his stall in the exhibition for two days, and not a single person came and enquired about his products. On the third day, fed up with sitting idle, he left his stall and roamed. At one of the German stalls, he met a woman who represented a large German manufacturer; she understood Shujaat’s problem and gave him a few useful tips. She advised Shujaat that anything made of leather would not necessarily look good; he had to pay special attention to styling. She also suggested that he should create a good product first before jumping into the international market. This was a disgraceful remark, but Shujaat took it positively and went home with a firm resolve to improve the quality of his products and elevate them to international standards. He did send a shipment abroad after returning but was still not satisfied with the quality he was delivering.

accelerated growth

Having made the commitment to pursue the pinnacle of quality, Shujaat pondered possible routes to success in the international market. After analyzing his work in light of the feedback provided by the German woman at the exhibition, Shujaat identified six areas for attention. First, he had to understand what quality foreign clients expected. Second, he needed to develop expertise in producing that quality, which meant acquiring the necessary equipment. Third, he had to make sure that his workers were motivated and took ownership of their work for the greater good of the organization. Fourth, he needed to help his workers acquire the skills to meet international quality standards. Fifth, he had to develop a plan to physically expand his factory; a reasonably sized order from a foreign client would render his existing capacity inadequate. Finally, and perhaps most importantly, to achieve all of these targets, Shujaat needed more money.

Understanding What Foreign Clients Expected

To bring the quality of his products in line with international standards, Shujaat first needed to understand the determinants of good quality. Visits to international trade exhibitions, as he learned from his first international visit, appeared to be one source of rich learning in this area; therefore, he started saving money and as soon as he had enough, he would visit an exhibition in Europe. This gradually and steadily improved his knowledge of international quality requirements.

Shujaat also looked for mentors in the market who could help him learn how to produce this quality. He was lucky enough to find Farooq Hamdani, who was an expert in production of leather goods, working in a large factory established by a renowned international soft drink company. Another benefit of working with Hamdani was gaining access to international markets through his connections with international buyers. Shujaat sent a few samples through Hamdani to some foreign clients and received an order from Germany for 300 jackets. The waistcoat work was also continuing and, with the other orders, Shujaat began to make good money. He used the money to increase his international travelling, which boosted his sales with new orders.

Ensuring Excellent Quality

Shujaat had by then worked long enough in the leather business to understand the tricks of that trade. He knew how to ensure quality by introducing checks at every stage of leather processing and stitching. Raw hides (animal skins) normally went through different stages of washing, dyeing, and drying to prepare them for cutting and stitching (see Exhibit 1). After closely studying the trends in the international market, Shujaat developed quality standards for each stage, then made every process-owner responsible for the quality at their stage of production. There was, therefore, no formal quality control department; rather, every single person working in the factory was responsible for meeting the quality standards defined by Shujaat.

To ensure that the chemicals used in the washing and dyeing process were not harmful, Shujaat chose the best and safest chemicals and dyes, and he also had his dyed leather checked and certified by neutral testing companies. Working on designs provided by his clients, Shujaat saw the importance and art of pattern making. The patterns were made from a sheet of plastic, or other moderately stiff material, and used to cut the leather sheets that were eventually joined and stitched together to form the apparel. The precision of the final product was directly linked to how well the patterns expressed the designs provided by the client. Shujaat, therefore, hired the best pattern makers from the market, even though they were more expensive.

Although his was a small business operating on a small budget, Shujaat understood that if he attempted to save money by compromising on quality, he would no longer be customer oriented and might ruin the reputation of his product, and the business would suffer eventually. For that reason, in addition to delegating quality assurance to process owners, Shujaat also personally checked the quality. He would, for example, pick a few finished pieces randomly from the packed boxes and thoroughly check the cutting, stitching, and finishing quality. If he found a fault, his check would become more comprehensive. He also performed similar quality verification checks at other crucial stages to ensure the end quality matched international standards.

Creating a Motivated and Happy Workforce

Beginning with the first five women he hired, Shujaat kept a friendly and cordial attitude with his workers—an approach he sustained even as his team grew. Pakistan was a close-knit society in comparison to the individualistic norms in the West, so Shujaat took a personal interest in his workers’ problems, treating them like his family.

Although he could not afford to have a structured welfare system for his workers, he supported them as needed, providing them with financial and other forms of support. For example, he provided them with maternity expenses and leave, and advances for moving or marriage with easy payback instalments. He also used his contacts in the industry and in government to help resolve issues his workers faced. Shujaat recalled always having an amount in mind that he intended to spend on workers’ welfare and wellbeing every month. This expense was not formally included in the budget, but his implicit intention was always there.

The wage Shujaat paid to his workers was also above the industry average, which helped to retain the good and skillful workers. And Shujaat considered the privacy requirements of female workers and did not place any male workers in the halls and rooms used by the women.

Even just before the fire, when the company had become quite sizeable, Shujaat’s workers would call him “Shujaat Bhai,” meaning “Brother Shujaat.” This indicated how close and friendly he was with his workers. His workforce was motivated and liked to work for Shujaat. As a result, Shujaat received support from the workers when the workloads were high, and the workers co-operated in resolving day-to-day work-related matters.

Building a Skilled and Capable Team

Shujaat could not afford to spend resources on training novices, so to ensure his workforce was capable, he recruited only the best people in the industry. His first five workers, who were highly skilled, knew people like them in the existing employment market. Shujaat made one of these five women—Shabana, the most senior and most experienced of them all—the supervisor. Because she would have to work with the new workers, Shabana was also placed in charge of recruitment. She was responsible for assessing the skills and capabilities of workers before making them a part of her team.

When the workforce increased in number, Shujaat chose a second supervisor to join Shabana, and divided the recruitment responsibility between them. When the number of workers in Shujaat’s factory grew to 50, Shujaat offered one of his friends—Mazhar, whose capabilities and expertise were clear to Shujaat—a part-time position as an administrator. Mazhar took over all the issues related to utilities, repair and maintenance, and logistics.

Expansion of Production Capacity

As his international orders increased, Shujaat increased his production capacity with the help of revenues from completed consignments and some bank financing. He increased the number of machines to 10 and then to 23 in two years, and moved to a new and bigger space. Over the next year, he increased the number of machines to 48 with 65 workers now working for what had become Mr. Garments, the name Shujaat gave to his export business.

At this point, Shujaat had to decide in which direction he would expand. The main raw material for the jackets was cow hides, which Shujaat obtained from his suppliers. One direction of expansion could, therefore, be vertical integration, incorporating the processing of hides. That would mean that he would need either to acquire an existing hides processing business or develop one of his own.

Integrating hides processing appeared lucrative given the money saved in buying raw leather instead of processed hides. Shujaat, however, decided to stay focused on the stitching stage of the value chain and spent money primarily on increasing the number of stitching machines. Shujaat shifted his factory to yet another larger space in a nearby industrial area and had more machines fitted there. Within the next few months, he had another floor built above the first one, and began 24-hour work to meet the ever-growing orders and demand for his jackets. By the end of 2000, the facility was operating 24 hours a day with 75 machines in a 12,000-square-foot space.[[6]](#footnote-6)

Physical expansion, however, was not enough, as Shujaat realized during the process. He also had to make his processing more efficient and lean. He needed to apply methods that could reduce his waste and increase the production rate of his factory. Since he was not an industrial engineer himself, nor could he afford to hire a consultant to do that for him, Shujaat explored the Internet for information about the best practices for factory layouts and worker ergonomics. Internet search engines, therefore, became his source of knowledge, and he applied whatever he learned from practices in China, Vietnam, and Thailand, and factories in the leather goods production business.

Expanding the working space and increasing the number of machines meant that Shujaat had to deal with more people. The organization needed a formal structure. He had two supervisors, and with Shujaat increasingly busy marketing his products at exhibitions, he expanded Mazhar’s scope to take care of all the factory’s operational and clerical issues. Still, by the end of 2000, Shujaat felt that proper departmentalization was required to keep up with the constantly increasing demands for his products. Therefore, he hired a general manager to take care of the filing and documentation, and supervise the administrator and a newly hired accountant. Shujaat also created a separate position for a merchandiser. The person appointed to this post represented the company and coordinated with clients to fulfil their needs and ensure their satisfaction (see Exhibit 2).

Normally, small and medium companies in Pakistan followed a centralized reporting and decision-making system, known as a “seth company.” (*Seth* was an Urdu word meaning the owner or landlord.) Shujaat, however, believed in delegation and decentralized authority. He did not want his merchandiser or general manager checking in with him at every step of their day-to-day jobs. These people were fairly independent in making their own decisions while staying within the friendly, co-operative, and welfare-oriented culture Shujaat had created.

Arranging Finances

The most important part of Shujaat’s expansion strategy was acquiring the money to pursue his expansion dreams. Shujaat identified and developed four different sources of finances. First, the revenue he generated through sales was divided, diverting a large portion of that money to savings for expansion, with some spent on international travelling. Shujaat continued to lead a humble life, so did not need money for the luxuries that many business people pursued.

Second, Shujaat generated advance money from his foreign clients. He offered discounts on the final product if a customer was willing to make some payment in advance. A typical deal was a 10 per cent discount on the final product price for an advance of at least 50 per cent. Shujaat knew that plan was only possible if he continued to produce good quality and deliver his orders on time.

The third source of money to invest in expansion came from working on credit with suppliers. At that point, Shujaat had been working in this area for more than 10 years, so he had established a reputation in the market as honest and co-operative. This reputation was an asset that Shujaat could use to request raw material from his suppliers on credit. Suppliers saw that Shujaat’s orders were increasing, and they knew payments from him were secure, so most of them agreed to work with him on a credit basis. Shujaat spent the money saved from purchasing inventory on buying more machines and expanding his factory space.

Even after expanding, Shujaat continued this practice. When he reached ₨300 million in exports, his working capital was only around ₨20 million ($328,000). The rest of the money existed in the form of credit in the supply chain.

The fourth source of financing, which was the least preferred by Shujaat, was bank financing. Shujaat believed that the best money was your own money, and loans and debts should be avoided as much as possible. However, the increased pressure of foreign orders and associated opportunity costs compelled Shujaat to seek bank financing. He obtained a loan of ₨60 million against a collateral of batches of raw leather.

Together, these sources of money helped Shujaat to expand his production capacity and working space, which further enhanced his share in the international market.

Taste of success

Mr. Garments became a renowned name in the market for good-quality leather jackets. By the end of 1999 and beginning of 2000, Mr. Garments was exporting around 1,000 jackets per month and increased to 2,000. The biggest companies at that time exported about 5,000, and Shujaat was swiftly catching up. Due to his excellent work and the number of exports he was making, Shujaat and other successful people from the industry were personally invited by then president of Pakistan General (Retired) Pervaiz Musharraf to visit. The president appreciated the efforts these manufacturers were making to increase Pakistan’s exports.

Shujaat’s business had become exclusively export. Over the next few years, he continued to grow, and by 2003, he reached ₨300 million ($5.2 million) in exports. That was a huge success at the time; the biggest players in the industry were exporting around ₨900 million ($15.5 million) worth of leather goods annually, including raw hides, while Shujaat was only exporting finished products. Shujaat was making jackets for renowned brands, including Versace Canada, Tommy Hillfiger Canada, and Zara, among others.

Life was looking perfect. Then there was the fire.

The quandary

From selling jewellery for ₨8 a piece to exporting ₨300 million worth of leather jackets, Shujaat had come a long way in 20 years. His journey from toil to toll had been remarkable; after all that hard work, the fire was a particularly heavy loss. Shujaat wondered why it had happened: was it just one of those worldly events or had he transgressed boundaries of his faith? Regardless of the cause, Shujaat needed to find a way to deal with what was before him.

Would his foreign buyers co-operate with him in this time of need? Had his dealings been fair enough to earn their loyalty? Would his local suppliers sympathize with him? He had taken their supplies on credit, so payments for his previous deliveries were still due. Would his reputation be good enough to extend his credit for more supplies? And how should Shujaat deal with his employees?

Shujaat estimated that he would require approximately ₨50 million to start his production again. He had savings of about ₨10 million, which included a few million rupees in a bank account and an insurance policy that would pay around ₨7 million. Immediately after the fire, one of his closest friends offered him a cheque for ₨5 million. Shujaat did not accept the check initially, but he was reconsidering this option. Taking a government loan or partnering with a business friend were other options.

Shujaat looked over his past and traced the steps he had taken to success. What approaches did he use, and could he replicate his entire journey again? Ultimately, would the money he had, his contacts and friends, and reputation and experience be enough to get him out of this predicament?

Exhibit 1: The Process of Manufacturing Leather Jackets

Source: Created by the case author.

Exhibit 2: Organizational Structure of Mr. Garments, 2003

Source: Created by the case author.

1. All dollar amounts are in US$ unless otherwise stated. [↑](#footnote-ref-1)
2. About 100 square metres. [↑](#footnote-ref-2)
3. ₨ = PKR = Pakistani rupee; All currency amounts are in PKR unless otherwise specified. [↑](#footnote-ref-3)
4. Approximately 56 square-metres. [↑](#footnote-ref-4)
5. “Trim” referred to finishing and inspecting the garment, correcting any problems such as hanging threads or pinched seams. [↑](#footnote-ref-5)
6. Approximately 1,100 square-metres. [↑](#footnote-ref-6)