

Entrepreneurial Challenges in the Fashion Industry

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Introduction

Fashion as a part of people's social life and as an object of cultural value accounts for the well-being of people and serves at the same time the basic need to wear clothes. Fashion is embedded in people's minds in their leisure and working time as a way to express identity. Innovation is a main factor in the scope of entrepreneurship and is first and foremost important for the fashion industry with its complex economic, cultural and aesthetic dimensions. Fashion design entrepreneurs innovate inside these dimensions with creativity and constant change. As Dickerson (2003) stated, "The constant in fashion is change". According to Schumpeter (1934) innovation is hard to copy and Drucker (1985) pointed out that there is the need for continuous innovation. Both statements are true for fashion entrepreneurs who must be continuously innovative in their sphere of activity; fashion can be copied but not innovation. A fashion design entrepreneur is the key person that manages the entrepreneurial process and sets up a business to integrate their design ideas into the market place. In India, entrepreneurship is considered as one of the best means of triggering economic and social development (Venkatsubramaniam, 2003). Entrepreneurship has been a male-dominated phenomenon from the very early age, but time has changed the situation and brought women as today's most memorable and inspirational entrepreneurs. It is estimated that women entrepreneurs presently comprise about 10% of the total number of entrepreneurs in India, with the percentage growing every year. If the prevailing trends continue, it is likely that in another five years, women will comprise 20% of the entrepreneurial force (Saidapur et al., 2012). In almost all the developed countries in the world, women are putting their steps at par with the men in the field of business. Recent statistics confirm that women's economic activities play a crucial role in the growth of many of the world economies (Minniti et al., 2005; Roomi et al.). Most of the work conducted considered women's motivations to start a business and the subsequent effect of those motivations on growth (Lerner et al., 1995; Buttner and Moore, 1997), the effect of their location, urban or rural, on business performance (Merrett and Gruidl, 2000), and the effect of the size and sector on business development (Du Reitz and Henrekson, 2000). Studies reveal that small businesses in creative areas like fashion are considered as the depository of the traditional skills and creativity necessary to penetrate or/and extend markets and can provide stable employment and income generation to the diverse communities and to those with different levels of education (UNIDO Report). Presently, there is a growing body of research on entrepreneurship. Yet, there have been a few studies done on the topic of entrepreneurship in the fashion industry. This study looks closer at fashion design entrepreneurs. Numerous fashion designers establish their own fashion company right after graduating or after gathering some years of work experience. A number of companies in the textile and apparel industry struggle to set up their companies. On their way to a distinct position in the textile and fashion world, many fashion design entrepreneurs are confronted with challenges. These companies need a "structured venture launch" and strong business foundations to survive the always troublesome first years of a new entrepreneurial venture. For some, it will be easier to grow, while others will stand on the edge time and again. Various challenges of entrepreneurs will be examined in this paper.

Methodology of Study:

The study is mainly based on secondary data taken from the reputed Published Sources like Journals, books and websites on Internet.

Entrepreneurship in the fashion industry:

The fashion industry is filled with young and innovative entrepreneurs. The composition of this industry ranges from design and production to retail, marketing, and distribution. Due to the fast paced nature of this industry, entrepreneurs within it need to be innovative and generate new and desirable styles. Successful professionals in the fashion industry must recognize trends and predict their customers' wants and needs. As large amount of money is spent on fashion yearly, there is a huge opportunity for entrepreneurs to join this industry. However, due to the constant influx of competition within the fashion industry, in order to maintain customer loyalty and brand recognition, fashion entrepreneurs need to be more efficient than those in other industries (Granger and Sterling, 2003). The fashion design entrepreneur has to balance creativity and a hard fact managerial approach,

as well as to consider industry related aspects. Fashion is ephemeral, dangerous, exciting and unfair. The fashion industry is an unpredictable and hypercompetitive market with short product life cycles (Saviolo and Testa, 2002). It is a subjective market with the need to be cutting-edge and relevant in terms of the creativity. Subjective in the sense that fashion is based to a great extent on individual preferences and the taste of people. Fashion is a part of people's social life and as an object of cultural value accounts for the well-being of people. Fashion is embedded in people's minds in their leisure and working time as a way to express identity. The fashion companies have to focus on the unique selling proposition of the products and on the differentiation from competitors. A fashion company needs an innovative business idea and a unique design language to capture the attention of customers that have an infinite choice of different products from upcoming fashion companies. As Bruce et al (2002) expressed: "Design matters. In a world where customers have increasing choice about what they buy and from whom, what makes them choose one product or service over another? In a word it is design (Bruce and Bessant, 2002).

One of the most powerful elements in fashion is time. High fashion designers are working according to the traditionally fashion industry calendar, which is divided into two major seasons – spring/summer and autumn/winter (Jones, 2005). The whole fashion industry has arranged its business around this standard, it is visible for instance in the timing of fashion shows, which take place two times a year.

Every company has naturally its own fashion cycle, whereby fashion design entrepreneurs mostly follow the international rhythm presenting two major collections a year to be part of the fashion business on a professional base. Managing the cash flow is especially a challenge in the fashion industry with its seasonal schedule. Due to the seasonality, the forecasting of the order volume is another challenging aspect. If a designer is new on the market, it is difficult to indicate how many clothing pieces will be sold. Establishing a sustainable company is hard since developing and producing a collection has to be pre-financed. A fashion designer gets the revenues back when selling the clothes but the next collection has to be started already in the meanwhile. Designers have to pay for the production costs of the clothes upfront. In the fashion design industry it is relatively easy to start up in contrast to other industries. The barriers to entry depend on the dimension of the venture, but for a small label it is possible to start basically with a sewing machine, compared to the clothing business where expensive machines are required (Burke, 2008).

New ventures need an adequate amount of capital to survive. A large number of businesses fail due to lack of enough finance backing the venture. There are further difficulties for small fashion businesses. Fashion entrepreneurs usually have difficulties in accessing financial support because the business ideas are often considered to be high-risk investments and the margins are low. Additionally the value of a creative product is difficult to measure; the success of a collection mainly depends on the valuation and personal taste of the customers. Hence it is difficult to indicate the profit of a fashion business. It is hard for a fashion entrepreneur to predict the return on investment, which makes it less attractive to banks and investors. Investors or even business angel investors invest only if they see a large growth potential. Banks refrain from financing fashion entrepreneurs when they determine that the business and entrepreneurial skills of a designer are insufficient (<http://www.entrepreneur.com>).

Fashion Entrepreneurs' Portfolio of Skills:

The tasks of a fashion designer vary from company to company but as an entrepreneur, a fashion designer needs a large set of skills. It is a leave-taking from the traditional designer role into the balancing act of two elements - creativity with business skills and art with commerce. While they are often very confident about their creative work, they lack confidence entering the world of business. Management, marketing, accounting and financing have to be considered as weak points of fashion entrepreneurs. Several factors can influence and challenge the foundation and growth of a fashion design company: individual network, personality, education, personal background, attitude, role and behaviour of a fashion design entrepreneur (Burke, 2008).

Like in any other industry, entrepreneurship in the fashion industry combines the creation and management of a venture with the specific aspects of the industry, in this case fashion. The constant in fashion is change (Dickerson, 2003) and there is the need for continuous innovation, which is very typical for fashion industry (Drucker, 1985).

Firstly, the design part consists of the aesthetic and technical product development process and the business part includes the business strategy and management of the label. Fashion entrepreneurs must be continuously innovative in their sphere of activity; fashion can be copied but not innovation. A fashion design entrepreneur is the key person that manages the entrepreneurial process and sets up a business to integrate their design ideas into the marketplace (Burke, 2008).

There is an increasing recognition by the fashion industry that entrepreneurial and small business management skills are an essential component of the fashion entrepreneurs' portfolio of management skills, together with leadership, team building, communication and networking.

To become a successful fashion entrepreneur you need innovation to be able to identify opportunities in a climate of ambiguity and chaos, together with passion and enthusiasm for your products to encourage you to constantly improve your products' features. You also need determination and persistence to drive your ideas through the many obstacles and challenges you come up against. In a competitive market, it is not sufficient only to be creative, it is also important to be entrepreneurial with small business and project management skills and to be able to build a network of useful contacts. The technical skills refer to the technical knowledge you need to design and make your products. Every profession has its unique range of technical and trade skills and, as a fashion apprentice, it will be necessary to learn trade to be able to produce professional products so that the venture and products are commercially viable. Fashion design entrepreneurs have to be aware and in charge of all the different fields of the business:

- Research (market research, trend research, consumer behaviour)
- Product development (aesthetically, qualitatively and technically)
- Sourcing
- Production
- Marketing
- Distribution
- Sales
- General management (business strategy, direction of the brand, positioning, pricing, corporate identity) (Burke, 2008).

It is important to constantly improve, educate yourself and constantly strive to be among the best and be informed about important events, as well as institutional support that are available. Also, great attention should be paid to technology that is continuously progressing. To have a perfect production, each year there is a need to invest in facilities and renewal of existing machines, and the drive to modernize the procurement of new machinery which is very important for the design.

Women entrepreneurs of the 21st century:

Woman of this century is emerging as the bold and intelligent force in the society. She has fewer barriers to overcome, faces less pre conceived notions, and lesser gender agenda in the work environment. She is a daughter who can take responsibility of her parents, a wife who wishes to create a home and a family, a mother who can take charge of her children, at the same time an entrepreneur who builds an enterprise and discovers the relevance and importance of being herself. The women entrepreneurs today are a blend of those who have carried the family legacy forward and those who have carved their own niche without any mentor or legacy.

Level of specialized education in fashion design is prominent in this group. They are focused about their future plans and their priorities in life. This is the generation who sees their profession as their first priority and aspires to be in the league of best designers nationally and internationally, even by sacrificing their life stages and having children. For them working in this profession is for self-

achievement and financial independence more than making ends meet. Some of them started their profession before their marriage, and the major factor for selection of spouse was of the condition of continuing their profession post marriage also. This generation portrays the self-dependent and strong willed women of today.

Challenges Faced by Women Entrepreneurs:

Entrepreneurship among women has been an area of attention across generations and societies. Women are becoming aware of their work, their rights and their existence with every passing decade. However, women of the middleclass even today do not wish to alter their role in fear of social non-acceptance. The progress is more visible in women in upper class families. The following barriers exist even today in women entrepreneurs:

- **Confidence level** – as women tend to accept a subordinate status, it results in lack of confidence and an increased sense of dependency on spouse, children or family members compared to men. Majority of the women are of the opinion to avoid any financial aid from formal sources like banks and financial institutions as they do not want to take high financial risks.
- **Financial support:** While the trend is visibly changing, doing something on their own is still difficult for women entrepreneurs. She is largely dependent on parents before marriage and on spouse post marriage.
- **Socio-cultural barriers:** The society still judges the women by how she is managing her personal and professional commitments. This leads to increase stress levels with respect to her performance in various rolls
- **Male-Female competition:** Male-Female competition is strong across all businesses today.
- **Mobility:** Fashion design being a business done locally, mobility requirements are low as customers generally travel to the boutique or home of the designer to get their work done. This is therefore considered as a convenient business to enter into.
- **Professional attitude and knowledge requirements:** knowledge of source of raw materials, high negotiation skills, administrative skills, people management capabilities, and a strong sense of marketing are the basic requirement to run a business. For the designing business negotiation skills in areas such as raw material procurement, time deadlines with tailors, relations ship buildings with clients are the prime requirements. As majority of the marketing is done through word of mouth, extensive marketing through other sources is not required..
- **Knowledge of latest technological changes, know how, and education level:**

The earlier generation lacked professional fashion design training and in some instances regrets this fact. However, women entrepreneurs from the 90s and the 21st century either had professional fashion design degrees when they started or have acquired them at a later date as they move ahead in their business.

Findings:

India has a major tryst with the global fashion industry. We have all the ingredients, be it raw materials, skilled labour, unique heritage, and growing markets. Things we lack are large investments, brand marketing and retail growth. The investment, both indigenous and foreign, is now beginning to happen. There are of course ups and downs depending on the economic cycle which affects the quantum of growth.

Indian entrepreneurs face umpteen hurdles. This starts at the very beginning. Initially there is the lack of financial support. Government banking and other institutional support such as SIDBI is too tedious. Infrastructure is very poor. This includes quality vendors, poor distribution logistics, and absence of organized and professional retail, amongst other issues.

Conclusion:

“Women don’t want just a piece of the pie, they want to choose its flavour themselves and know how to make it themselves. –as rightly said by Ela Bhatt of SEWA. As per United Nations Industrial Development Organization(UNIDO) estimates, there exist more than 350 Small and Medium Enterprises (SMEs) clusters in India. The spirit of entrepreneurship exists in men as well as women.

Fashion facilitates an economic growth, but it can also be concluded that the fashion industry is very challenging and demanding, and it takes a lot of knowledge and organization in order to achieve a successful business. Fashion cycles work to periodically loosen accumulated constraints on the demand side, facilitating economic growth and personal development. Fashion is part of how economies evolve, not of how they decay. This is particularly challenging for small businesses, and even more so for those who are led by women. Entrepreneurs in this regard particularly highlight the need for stronger networking of women at all levels and exchange of information and knowledge. They stress that women's entrepreneurial initiatives deserve support national, regional and local authorities, international organizations and projects, and need to be extracted, and to help measure their effects. On the one side it is necessary to build a quality team and relationships within the company, and on the other, company relationship with its customers, constantly listening them and adapting to new demands and trends. Competitiveness in the fashion industry can be held only by insisting on investments in technology that enables higher levels of productivity and product quality with key innovation, creativity and design. It is very important properly segmenting the market; successfully identify profitable market niches and the orientation of the expanding base of satisfied and loyal customers with products adapted to the requirements thereof.

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