

C. and J. Clark Limited

A Company Profile

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Introduction

C and J Clark is a famous family company. It has made shoes for more than 150 years, and its Clarks, K and Ravel brands have a strong following, especially in childrens' shoes. But like most families, the Clark clan has a habit of falling out. And family divisions have bedevilled the group for years. As a result from the latest battle between shareholders on the Berisford take-over bid at least they now all seemed to agree that it couldn't go on like this. While family members have argued in the past that turning Clarks into a public company would be a betrayal of its Quaker past and a threat to its principles, even the opponents of the Berisford bid eventually had to accept that a flotation was necessary¹. The affair has brought brothers and cousins on the board head to head. One insider said: 'There's a lot of hostility. That's inevitable when you have relatives dividing on a passionate issue like this.'

Both sides were desperate for a change in the company's fortunes. Pre-tax losses were pounds 3.5m for the half-year to July 1992, against a pounds 2.5m profit the year before. The family owns about 70 per cent of the company. A City analyst, said: 'Maybe it is time for Clark to bite the bullet and join the real world'. It was commonly believed that whoever would 'win', it was doubtful if this historic company would ever be the same again².

Clarks International, is said to be the second biggest footwear retailer in the UK³. Its 1993 turnover of over Pounds 600m made it the 5th-largest privately- owned company in the UK. The core brand is an international one, and Clarks has 968 shops and a 12 per cent market share.

Retailing was a discipline that Clarks embraced seriously only as recently as the mid-Seventies⁴.

Worldwide shoe production of the British-owned Clarks group is second only to that of Bata Shoes, which supplies mostly Third World countries⁵.

¹ Guardian, 29 April 1993, Page 17.

² The Independent on Sunday, 28 March 1993.

³ Design Week, 25 March 1994, Page 4.

⁴ Marketing Week, 14 May 1993.

⁵ Age (Melbourne), 13 June 1994, Page 28.

In 1995 the Group had 22 factories - 13 in the UK, 2 in Portugal, 2 in America, and 5 in Australia.

The feud that took place within the company in 1993 illustrated the problems of running a family business in the late 20th century. It has also raised questions about how to survive in a shoe industry which has seen British manufacturers almost decimated by foreign competition, about the relationship between family shareholders and professional managers, and whether family shareholders of a private company should be concerned with stewardship or money. Perhaps the most important question, which has been the catalyst for the entire Clarks saga, has been a problem common to all companies - how to organize change in the absence of a strong leader. The Clarks must be the most unusual family business in the country. While other Quaker families-the Barclays, the Lloyds, the Cadburys-have long since gone public and are no longer associated with Quakers, Clarks not only remains a private company but still has much of the Quaker style⁶.

When last February the factory in Radstock closed, a Clarks spokesman also hinted at other problems, saying: 'Obviously it's difficult in the other businesses too.'⁷

All in all enough reasons to keep a close look at this company, and for exchange of information by the (European) employees.

⁶ Director, Vol 46 No. 12, Pages 42-46, by Bose, Mihir.

⁷ Daily Telegraph, 1 February 1995, Page 25.

1. History

C&J CLARK was founded by Quaker brothers James and Cyrus Clark in 1825, who started out by making sheepskin rugs and slippers.

That was not a success and by 1863 the company was close to insolvency. The brothers were replaced by William Stephens Clark, who transformed the company from a cottage industry into a mass-market shoe maker⁸.

Clarks opened in Somerset 167 years ago and has always been West Country based, establishing itself in small communities, providing employment for men and women and keeping them loyal with generous packages⁹.

William Bancroft Clark joined Clark's in 1919 and rose to become managing director and chairman. Anticipating the baby boom which followed the World War, he concentrated on the children's market. Shoe production rose from one million to 17 million in 20 years. A staunch Quaker, 'Mr Bancroft' despised ostentation, walked the factory floor every day of his working life and always left his office door open¹⁰. Bancroft, was chairman until the late sixties.

'The Feud':

In the past, Clarks has weathered recessions with a robust defiance. However the death of Bancroft's cousin Tony in 1985 appears to have started the events that led to the showdown at the Royal Bath and West, the 'feud'. This period revealed a startling lack of leadership.

Bancroft's eldest son, Daniel, who succeeded Tony in 1974, was meant to provide the leadership that would take the family firm forward. Instead, he appears to have been the cause of much strife. In 1986 a confidential document signed by members of the family spoke of the 'unsatisfactory' nature of the then board structure, complained that 'people have lost confidence in its leadership', that shareholders are 'unable to approve a common policy', and called for the company to be sold to the highest bidder. Instead, the Clarks went for bloodletting. In 1985 Malcolm Cotton came onto the board as one of the non-family members. 'Ever since I have been on the board,' he said at the EGM, 'I have seen internecine strife. I have watched with dismay the undermining of Daniel Clark as chairman, a man

⁸ Marketing Week FT, 14 May 1993.

⁹ The Scotsman, 2-2-1995.

¹⁰ Daily Telegraph, 30 July 1993, Page 17.

who was respected in the business.' In 1986 Daniel was removed as chairman, a motion which had the support of his father Bancroft, and was moved by Bancroft's brother Nathan. Father and son have barely spoken to each other since.

But Daniel had his revenge. As chairman he had appointed George Probert, head of K shoes when it was taken over by Clarks, as group managing director. Probert proceeded to sack most of the family executive directors. This created a vacuum which tortures the company to this day: the separation between ownership and management. As Charles Robertson, a sixth-generation Clark shareholder (and one of the leaders of the opposition to the Berisford bid), says: 'Probert's action meant the board was no longer family-run. So it became a family-owned company where the board had ceased to be family-controlled. It was at that point, or even earlier, that the issue of ownership should have been properly addressed. It was then that corporate governance should have been resolved. But it didn't happen.'

Several attempts were made to form shareholders' committees to represent family shareholders' point of view to the board. But while the efforts were worthy, they did not tackle the fundamental problem: a board with the responsibility, but not quite the power, to make changes. Family factions emerged. They vetoed Daniel's successor, who had been proposed by outside consultants. Eventually, Lawrence Tindall was accepted as the first non-family chairman.

After several months of watching the company's business falter then fall into decline, it was suggested by some family members that the company should oust the chairman of the board Walter Dickson, and a non-executive director, Jim Power.

In July 1991 Lance Clark had dinner with Dickson at London's Hyde Park Hotel. Clark made it clear that Dickson should either drop his plans or resign. Dickson argued that the money the outside investor would bring was necessary if Clarks was to market its shoes better.

Lance and other rebels, 16 October 1992, called an extra-ordinary general meeting in Glastonbury town hall to discuss the plans which had been made public. Their resolution demanded the sacking of Dickson and James Power - but others remained vehemently opposed to the scheme - and it also wanted to appoint as non-executive directors Michael Markham and Hugh Pym, ITN's Scotland correspondent who is the grandson of Tony Clark.

Pym's campaign, waged from the other end of the country, was called Shareholders Opposed to Enforced Sale (SHOES).

Uncertainty surrounding the future of the chairman had damaged the company's reputation and the share price had plummeted. A board committee with independent advisors was set up to consider bids for shares. At the same meeting it was agreed to adjourn the decision about Dickson and Power for six months because the board was split down the middle,

four directors for and four against.

In March 1993, Clarks was still racked by internal feuding. The board met to weigh up three rival offers for company shares. Marks & Spencer; an investment group which included Electra, Legal & General; Prudential; and Berisford International, a budding conglomerate, had all expressed an interest but Clarks chose Berisford to 'proceed to the next stage of negotiations', as the press statement put it.

By this time, faced with falling profits, the majority of the company's shareholders were recommending a sell-out. Others argued that it was too early and the company would be worth more - about pounds 200 million - if they held on. Berisford turned up with the best offer. Its bid valued the company at £184m although it was unusually structured. Clarks' shareholders would get cash of 213p, or Berisford paper. In addition, the Clarks surplus property portfolio, valued at Pounds 21.1m, would be sold. This was likely to give the shareholders an additional 26p per share. The rebels faced a conundrum: if they did not agree to sell to Berisford, what alternative could they provide to those family members who wanted a market for their shares? The one alternative the rebels could offer was flotation, and by April 29 when SHOES issued its answer to the board, flotation was a firm objective to be achieved if possible within the next five years. SHOES also offered plans on corporate governance: a slimmer board reduced family representation but an elected shareholders council with detained powers to channel family views to the board. This did nothing to mollify Daniel. He was keen to point out the contradictions in Lance's views. In October he had wanted to sack Dickson, now he praised the management. Why? And why had the rebels suddenly agreed to a flotation?

But while the rebels' conversion may have been sudden, it was finely timed. Both sides knew the vote was going to be close but by going for flotation the rebels had presented an alluring alternative: family control plus the possibility of getting out in due course. The board opted not to sell. Not enough of the family could be persuaded. At a shareholders meeting the final decision was defeated by 52 per cent to 48 per cent. 34,115,455 votes had supported Dickson, but 37,819,788 voters had been against him. Clearly emotion had played a part. Instead of selling, the firm began to cut back¹¹. Berisford had expected the offer to be accepted by a majority of shareholders. The day before the voting (6-5-1993) John Sclater, Berisford's chairman, said: 'Without Berisford, Clark faces a bleak future, with a divided leadership and severely restricted growth and development .. Berisfords

¹¹ The Scotsman FT, 2-2-1995; Director, Vol 46 No. 12, July 1993, Pages 42-46, by Bose, Mihir.

would provide clear leadership ..¹². After the disappointment Berisfords Chief executive Alan Bowkett reacted: 'I am saddened that Berisford's proposals for Clark's have not been accepted by a majority of Clark's shareholders despite having been recommended by a majority of their directors', and: 'We had five companies on our acquisition list. Now we have four.'¹³

Dickson stepped down from his Pounds 206,000 job at the end of September 1994, carrying out his threat to depart when, against his advice, shareholders rejected the £184 million takeover bid from Berisford International in May. 'I am a hands-on manager. I don't want to stay around for three years waiting for flotation,' he said¹⁴.

Dickson's contract was not due to expire until next June. It is understood that he was paid for the rest of his contract but received no other compensation.

Roger Pedder, who married Sibella, daughter of Bancroft Clark who was chairman from 1942 to 1967, and already a non-executive director, has been appointed in succession to Walter Dickson.

One of Pedder's first tasks would be to reshape the board at Clark's. It had to include two representatives of the Shareholder Council, a body in the process of being set up to protect the interests of the 500 family shareholders, who between them own 70 per cent of the shares. The establishment of such a Council was the fragile compromise reached between quarrelling shareholders at the meeting which rejected Berisford. The Council's priority would be to devise a way for those holders who want to sell to realise the full value of their investment. Their stated goal is flotation within the next five years.

Pedders appointment does not appear to have been universally popular and was accompanied by the resignation of non-executive director Daniel Clark, who had been among the most vociferous in support of a sale of the business¹⁵. He retains his role as chairman of the company pension fund

¹² The Times, 6 May 1993.

¹³ Daily Mail, 11-5-1993, page 55; Daily Telegraph, 8-5-1993.

¹⁴ The Guardian FT, 22-6-1993.

¹⁵ Observer, 7 November 1993, Page 2; Daily Telegraph, 5 November 1993, Page 27.

trustee board¹⁶.

Acquisitions

On August 24, 1994 **Milward Shoes Limited**, comprising of 73 Milwards shops was acquired, and incorporated into the Clarks retail chain. As part of the same agreement **Edmund Turner & Co** (retail) was acquired too, holding 25% of the Ordinary Share Capital of Milward Shoes Ltd.

Closures/Disposals

In Kendal, headquarters of K Shoes closed in 1995 after 152 years. St. Peters factory at Radstock, was closed February 1995, with 360 job losses¹⁷.

Closing Clarks in Radstock, a medieval village sunk in a valley half way between Bath and Wells, has been described as killing the community. Clarks, opened in the town in 1956, was Radstock's largest employer and, in the way of old-fashioned family firms, treated its workers with patrician benevolence.

The firm blames falling demand for traditional children's shoes and competition from cheaper and trendier imports.

The feud which has split the family has by many been blamed for the factory closure in Radstock¹⁸.

Marlington, USA, was closed, by C&J Clark America Inc., Kennett Square, Pa., on April 30, 1995. Closure of the plant, which housed its handsewing and bottom stock operations, affected 200 employees. Operations at the plant, as well as 15 percent of its workforce, would be relocated to other plants in Franklin, W Va., and Hanover, Pa.

According to a prepared statement, the decision to close the facility came after C&J Clark's only leather supplier nearby closed last August; the resulting increased transportation costs made production too expensive¹⁹.

¹⁶ Western Morning News, 4 November 1993, Page 10.

¹⁷ Independent on Sunday, 26 February 1995, Page 2.

¹⁸ The Scotsman FT, 9-2-1995.

¹⁹ 23 Jan 95, Footwear News Predicasts.

A 50:50 joint venture of Orb Estates and Allied London Properties has paid just £1.9m for the 25,000 sq ft office building at 8 Church Street, Reading. The building, was completed six years ago as the headquarters of shoe retailer Milwards, now part of C&J Clark, the vendor²⁰

Steven Nichols, chairman of the board and president of K-SWISS Inc. in May 1992 announced that the company had agreed to purchase, for an undisclosed amount, from C & J Clark Limited of England the remaining 50 percent of the stock of K-SWISS Europe Limited.

The company will utilize certain facilities of C & J Clark in the future. K-SWISS Inc. designs, develops and markets athletic footwear for high performance sports use and fitness activities²¹.

In 1992 the company closed the K Shoes plant at Norwich, England, at the end of March; The Clarks Shoe factory in Lancaster, which employed 85 people was closed April 10; A plant close in Pottington, England, resulted in the loss of 30 jobs²².

²⁰ Estates Times, 21 April 1995, Page 32.

²¹ PR Newswire, 12-5-1992.

²² Footwear News Predicasts, 09-3-1992.

2. Structure

The board of C&J Clark Ltd. comprises of four executive, and four non-executive directors:

Board of Directors as at 30st March 1995

Roger Pedder	Exec. Chairman
Malcolm Cotton	Managing Director Group Operations
Kevin Crumplin	Group Personnel Director
Alan Mackay	Finance Director/ Planning & Property
Lancelot Clark	non exec. Director
Richard Clark	non exec. Director
Michael Garner	non exec. Director
Caroline Gould	non exec. Director

The four executive Directors have rolling contracts extending for two, three, two and two years respectively. The non-executives receive a fee 'only'.

In 1994/95 there have been several changes in the Board and Senior Management of the company.

On the 6th of January John Clothier stepped down as Group Managing Director (' to pursue other outside interests'); Roger Pedder became Executive Chairman; and Malcolm Cotton was appointed Managing Director Group Operations. Roger Pedder had been appointed a non-executive Director in 1988, and became Chairman five years later, in October 1993, before he became Executive Chairman.

In March 1995 the company was seeking an International director and initiating the search for a Chief Executive.

The first of april 1995 Steven Nichols, President of prestigious and respected US sports footwear brand K Swiss, became independent non-executive Director.

Richard Clark, resigned on 31-3-1995, and Jim Power retired at 4-5-1995, the day of the Annual Meeting.

The Board has appointed 4 Committees to deal with specific aspects of the group's affairs:

Audit Committee (since 1987);
Appointments and Remunerations Committee;
Share Valuation Committee; and
Board Pensions Committee.

Furthermore there is the 'Management Group', comprising of 3 executive directors plus nine other senior executives. Its role is the day-to-day and operational control.

And last but not least in 1994/95 the Family Shareholders' Council was fully constituted.

Directors asked Harriet Hall, one of the family members opposed to the Berisford bid, to set up a shareholder council²³. The Council is now chaired by Harriet Hall, and consists of 15 councillors. It represents some 68% of ordinary shares, and strives to improve communications between shareholders and the Board; assists with implementation of full corporate governance policies; works with the Board in matters affecting marketability of shares and towards flotation. The council may nominate two persons as non-executive directors of the company. The current nominees are Caroline Gould and Lancelot Clark.

The council has reaffirmed family shareholder support for a prospective flotation of the Company within the original five year period, and has agreed to make shares available for the 'Employee Share Scheme', if necessary.

The Company transferred management of all UK-based marketing and retailing to its group HQ in Street.

The changes mean some staff will transfer from the group's Kendal, Cumbria, operation; the long-term aim is to relocate all marketing, retailing, sales and distribution to Street. Some job losses were expected²⁴.

Brand Marketing Management was concentrated under executives responsible for the whole of women's and the whole of men's operations, Clarks and K, with more focus on the product and customer. This was done in order to reduce overheads and overlap between the brands.

²³ Sunday Telegraph, 20 June 1993, Page 42.

²⁴ Western Morning News, 13 January 1995, Page 12.

3. Activities

In January 1995 the group owned 22 factories in total, which was two less than the year before. 15 (16) factories were situated in the UK and other European countries, 2 (3) in North America, and 5 in Australia.

In 1995 the group had 968 (931) shops, of which 713 (667) in the UK and Europe, 229 (238) in North America, and 26 (26) in Australia. The number of Clarks shops rose sharply, while K shoes, Ravel and Bostonian/Hanover shops diminished in number, as we can see in the figure below.

Shops, names and numbers

		1995	1994
UK and Europe	Clarks	429	365
	Concessions	57	53
	K Shoes	136	153
	Clearance outlets	14	14
	Ravel	58	65
	Rohan	19	17
North America	Bostonian/Hanover	217	227
	Clearance outlets	12	11
Australia	Footrest	20	20
	Clearance outlets	6	6

In the year ending the 31st of January 1995 the Group had sold: 15.6 (15.4) million pairs of shoes in retail, and 25.4 (26.1) million pairs in wholesale, 12 (11.1) million pairs were resourced, and 16.7 (17.6) million pairs were manufactured. Of the total amount of shoes sold retail, about 90% was sold in UK and Europe, and in the same area 81% of pairs sold wholesale was realised.

CLARKS

CICA continues to be a success, with distribution secured in some leading sports shops.

In the Childrens shoes, activities weren't too good. Especially girls shoes were well below expectation. In the Women's segment trading was weak as well. A significant success was growth of the men's business in Europe (e.g. Germany) and the Far East.

Business in North America represents one of the major prospects for growth in the coming years, and will play an increasing part in influencing the development of the brands. Kendal proved to be a key supplier of the 'Springers' sandals range.

Business in Europe grew satisfactorily in spite of poor market conditions. There was growth in Italy and Spain.

In the Far East, a Joint Venture in the **Chinese** markets, developed encouraging, with the sale of more than one million pairs of shoes.

K SHOES

In the UK sales volumes declined, but margins improved overall. The management changes within the K business have been very unsettling. Women's ranges like Springers and Lady X continue to be important. The K men's brand needs to be re-invigorated in the near future.

RETAIL

shops

1994/95 was a challenging year for the clarks shops chain, in an environment of increasingly tough conditions. The emphasis was on better prices for better products with fewer promotions.

In one of the most important retail lettings in Cork, **Ireland**, this year, Clarks Shoes is to pay a rent of £85,000 for the former office of the Irish Permanent Building Society at 45/46 Patrick Street. Clarks, also has three Dublin shops - Grafton Street, Henry Street and The Square in Tallaght - and one in Dundalk at the Long Walk Shopping Centre²⁵.

In the £7m Anderson and McAuley department store refurbishment in Donegal Place, Belfast, C and J Clark, advised by Blair Kirkman, has let 7,000 sq ft²⁶.

K Shops' chain, which got a new retail identity focussing on women's shoes, is close to breaking even.

During 1994 73 Milwards shops were acquired and incorporated into the company's retail activities.

Ravel planned to revamp its 61-strong chain with an 'image for the late

²⁵ Irish Times, 15 March 1995, Page 21.

²⁶ Estates Times, 10 June 1994, Page 3.

factory-outlet shopping scheme in Street, Somerset, provided for an extra 4,645 sq m and 400 parking spaces³⁰.

In June 1993 Clarks was looking for other sites around the country for further factory-outlet schemes. The company was considering a number of options in areas of high tourist spend and envisaged two or possibly three more Clarks factory-outlet schemes in the future³¹.

October 1994 there were only two factory shopping centres in Britain; by this summer, there will be nine. This rapid increase in the development of 'villages' where customers can buy brand-name goods at discounted prices - from designer clothes and shoes to home accessories and sports equipment - shows great faith on the part of the developers.

Research showed however that part of the customers thought that such shops mostly sold seconds or ends of lines. Compare this with America, where factory outlet shopping is a Dollars 9 billion industry and where is a high level of consumer awareness about the quality of the goods.

Paul Knight, of Clark's Village in Street, Somerset, says: 'The biggest challenge is to get over the common misconception that factory shopping is all about seconds. Eighty-five per cent of the stock we sell at Clark's is perfect, though it may be end-of-season or samples.'

In Britain, everyone already seems to understand the concept of factory shopping. What is new is the concentration of such outlets in designed and purpose-built locations³².

PRODUCTION

Results from adult shoes factories in the South West, Cumbria and Portugal were good, but outweighed by the severe losses in factories where children's shoes are made, resulting among others in the closure of the St Peters factory in Radstock.

The company is said to be 'reorganising its approach to manufacturing and to reduce own-made and resourced product costs'. In the meantime raw material prices keep rising.

OTHER OVERSEAS OPERATIONS

³⁰ Contract Journal, 2 December 1993, Page 1.

³¹ Estates Gazette, 5 June 1993.

³² Daily Telegraph, 6 March 1995, Page 16.

C&J Clarks America is responsible for the brands: Bostonian and Hanover in North America. Retail performed well, but wholesale and manufacturing generated poor profits, and stocks became unacceptably high. Necessarily the **Marlington** factory had to be closed.

Clarks Australia had another sound year, with growing results. It is introducing fresh management into key areas, including New Zealand. The **Star Rubber** factory has been rebuilt after having been destroyed by a fire. Footrest retail performed excellent and expands steadily.

Clarks Australia:

At the beginning of the recession four years ago, Clarks Australia, appointed its first Australian-born general manager, Mr Rayden Crawley.

Clarks' break with its colonial tradition coincided with the Federal Government's introduction of lower tariffs and an expected lifting of import restrictions in the clothing, textile and footwear industries.

Instead of packing up boots and all, and moving production to any of the factories it operates in such low-cost countries as China, India and Brazil, Clarks reaffirmed its commitment to Australian manufacturing. The company decided not to cut production levels, and to continue to focus on producing high-quality footwear in the 'rust belt' at both its Victorian and South Australian plants.

According to Mr Crawley, the international group sees continuing production in comparatively high-cost locations as the price it has to pay for its marketing aims.

The costly dedication to maintain fractional fitting sizes requires Clarks to produce and stock more shoes in what could be considered 'niche' or non-mass-market ranges than its competitors.

Clarks has been able to cement its leadership in the market for leather school shoes, due in part to the continuing commitment of Australian and New Zealand governments, and private schools, to mandatory school uniforms. Clarks' production of regulation leather school shoes for a guaranteed market has meant survival. The company sells 3.1 million pairs of leather school shoes a year in Australia, more than a third of the market of nine million. However, fancy-named competitors such as Rockport, Reebok, Nike and Dr Marten have been nibbling away at specific Clarks segments.

So since 1994 Clarks had to adopt a marketing offensive, introducing new fabrics, different leather qualities, new colors, new designs, new styling and new advertising.

The company has introduced a range of school-approved clones of the popular Dr Marten and Timberland brands to cater to the tastes of the street-wise nine-year-old.

Clarks' South Australian-based marketing manager resigned October 1993 to be replaced by a system of brand managers who answer directly to Mr

Crawley. The brand managers will move to Melbourne.

And as part of a focus on the top-quality end of the market, rather than in the highly volatile, high-volume, cheap end, Clarks has shifted focus to revitalise its ageing brands, Footrest, Hush Puppies and K-Shoes.

Mr Crawley says he aims to boost the advertising-budget significantly from the present (and confidential) level to about eight per cent of revenue - a level that would put Clarks on an equal footing with its big competitors, including Nike, Reebok and Timberland.

At the beginning of this decade, the British-owned company stepped up its commitment to manufacturing and employment in Australia at a time when the most rabidly patriotic Australian companies, such as Pacific Dunlop, went offshore for low-cost manufacture. While most companies were cutting back on plant and equipment investment during the latest recession, Clarks was spending Dollars 2 million a year on replacing labor-intensive technologies with new computer-controlled production and design systems.

While the clothing, textile and footwear industries shed employees like confetti³³, Clarks contained its retrenchments to 10 per cent of its workforce through the consolidation of two women's shoe factories into one, at Preston, Victoria. The company's workforce in 1994 accounts for 10 per cent of total employment in the industry.

Clarks is not a sole Australian manufacturer, and taps the group's global network to bring in shoe materials equal to about 20 per cent of total product.

Mr Crawley says the Australian operations export to New Zealand, but not to Asia or Europe. It has now begun a search for new offshore markets.

Clarks, which is under-represented in the male shoe market, has retooled to produce in Australia high-quality men's shoes using a modernised version of the top-quality 'welter construction' method with the intention of manufacturing for export³⁴.

3.1 Brands and Products:

Brands:

³³ Employment in the Australian footwear industry declined by 34 per cent from its peak of 12,688 in 1989 to about 8400. In the same period, shoe imports by Australian companies reached an all-time high of Dollars 512 million in 1992-93, a 25% increase on previous year.

³⁴ Age (Melbourne), 13 June 1994, Page 28.

Clarks; K Shoes; Bostonian; Hanover; Hush Puppies; Footrest; CICA

CICA made a deal 12 May 1994 to support the Startrack scheme aimed at uncovering stars of the future. More than 20,000 youngsters aged from 8-15 were expected to take part in a week-long programme of coaching in August at up to 180 schools, clubs and local authority centres around the country³⁵.

Products:

Clarks "Desert Boot"; Clarks "Airtrek Lo"; Clarks "Active Air"; Clarks "Toff"; Clarks "Stromposaurus"; Clarks "Cushma"; Clarks Doodles "Paint"; Clarks "Sylvana"; Clarks "Air Amphibian"; Clarks "Jilgit"; CICA "Hockey"; CICA "Tempo"; Bostonian "Impression"; Ravel "Watch Boot"; Ravel "Workboot"; K Soft Centres: "Bonbon"; K "Intuition"; Footrest "Studio"; Footrest "Rialto"; Springers "Cherub"

Nathan Clark, was the unsung designer of that classic male footwear item, the Desert Boot, first produced in 1946. Some 275,000 pairs are now sold each year.

Mr Clark, who is himself at least 20 years older than his Desert Boot, is the great-grandson of James Clark, who co-founded the Clark Shoe Company in 1825. He is not a prolific designer. Over the years, he has created only a handful of shoes under his family's prestigious name.

But 1994 was one of those years when Mr Clark's creative juices were stirred into action. Hence a new boot, the Jilgit.

The Jilgit shares the same functional simplicity that has made the Desert Boot such a perfect example of men's casual footwear. With buffalo leather uppers, leather padded inners and a spongy sole of latex, it is being made for Clark's in India under the designer's watchful eye. If the Jilgit proves popular, it will go on sale in Europe and then the United States.

When the Jilgit is established, Nathan Clark would like to restore the fortunes of the neglected Chupplee, a sandal, which was also inspired by traditional Indian footwear, and was launched with the Desert Boot at the post-war footwear trade fair in Chicago. A new-look Chupplee, with a vulcanized rubber sole like the Jilgit, in place of natural crepe rubber, is planned for revival³⁶.

³⁵ Independent, 13 May 1994, Page 35.

³⁶ Independent, 11 November 1994, Page 26.

3.2 Markets and Marketing:

C&J Clarks strongly depends on effective marketing of its products. In the last years it has worked with several Public relations companies. We collected some examples:

K SHOES has launched the biggest-ever marketing push for its Springers brand with a Pounds 1.5m campaign by McCann-Erickson Manchester. McCann-Erickson (Manchester) won the account, after a battle with BMP DDB Needham and TBWA.

The campaign in women's magazines and colour page advertising, will run throughout the summer³⁷.

K Shoes parted company with Bartle Bogle Hegarty in October 1993. Creative services manager Rosemary Carr said it was because of the installation of a new marketing team at K Shoes and a change in strategic direction.

BBH's last campaign for the brand was a Pounds 1m press blitz featuring people who spend their working lives on their feet³⁸.

Clark's has steered clear of the dangers of using frost-bitten Arctic explorer Sir Ranulph Fiennes to promote its hi-tech sandals. Fiennes, who has been signed as the brand's spokesman is shown holding, rather than wearing, the ATL sandals in Clark's new press campaign.

The Pounds 500,000 six-week colour DPS campaign breaks on April 8 1994 in the national press.

Clark's is already supplying Fiennes with a lifetime's supply of desert boots after he wore them on many of his exploits³⁹.

Clarks International in April 1992 unveiled a new range of sports shoes called Cica.

The company said the trainer market's core consumers were turned off by the Clarks name. 'Teenagers find the name a turn-off because it is what your mum buys you. If you have worn something since you were a baby it is natural that you want to rebel a bit,' according to the firm's sports products manager Tony Linford.

³⁷ Manchester Evening News, 12 April 1995, Page 18.; Marketing Week, 6 May 1994, page 13.

³⁸ Marketing Week, 8 October 1993, Page 13.

³⁹ Marketing, 30 March 1995, Page 2.

Clarks launched an own-label brand, Clarks Sport, in the late Seventies which was before its time and was withdrawn, according to Linford. Sports shoes account for an increasing share of the total footwear market - about 23 per cent in 1992 by value - but represented only ten per cent of Clark's 17 million unit business. Cica was designed to broaden its business base by creating a franchise within the 13-30 year old bracket. It was supposed to be chasing the UK's biggest volume supplier Hi-Tec, which sold about 5 million pairs. The launch of CICA was being supported by a Pounds 1.7m TV campaign through BMP DDB Needham⁴⁰.

C & J Clark International decided McCann-Erickson Manchester and Communique Public Relations to be the ideal fit for the launch of its new K Village in Kendal this Easter. This is its newest factory shopping development built on the site of the headquarters of K Shoes, which already houses the popular K Shoes Factory Shop. The K Village project follows the success of the Clark's Village in Street, Somerset which was the UK's first and largest factory shopping complex where customers can shop at 35 well-known outlets from Jaeger to sports manufacturers all at factory prices. Advertising will run in the Press and on posters, supported by a radio campaign and leaflet distribution. Coach companies are being contacted to add K Village as a tourist attraction⁴¹.

Clarks Shoes has consolidated its advertising account with DDB Needham in Melbourne. New business includes Footrest, Footrest retail, Hush Puppies and K-Shoes. Billings are estimated at Dollars 3 million a year⁴².

The agency BMP DDB Needham got an 'Advertising Effectiveness Award' for its launch of CICA, October 1994. According to the judge the advertising was a classic example of how advertising can add value. From a consumer perspective this meant adding a measure of credibility in a sector in which Clark's had little; from a commercial perspective it meant supporting a price premium over 'own-brand' product.

Against strong competition CICA's success was really down to focus in targeting and media planning. It realised that it was pointless trying to take on the likes of Nike and Reebok in the 'young male' market, and instead focused on boys and girls under 12 and adults over 25 (the youngsters'pa-

⁴⁰ Marketing Week, 17 April 1992, Page 6.

⁴¹ Manchester Evening News, 15 February 1995, Page 14.

⁴² Age (Melbourne), 9 February 1995, Page 24.

rents).

Advertising was considered essential, but a budget of only Pounds 490,000 was available for the first year.

By switching from budget own-label to premium branded trainers, Clark's was able to increase prices by more than a third, at a time when recession-hit competitors were cutting theirs. The key to the advertising's success is believed to have been the speed with which brand awareness - perceived fame - was established⁴³.

PriMa, the Verona-based advertising and marketing agency, has won in April 1993 the Italian tranche of Clarks' international advertising budget. The campaign would centre on the traditional high-quality image of Clarks shoes⁴⁴.

⁴³ Marketing, 27 October 1994.

⁴⁴ Italia Oggi, 27 April 1993, Page 11.

4. Financial Performance⁴⁵

The presentation of the Accounts changed in 1994 as a result of the adoption of new accounting standards, particularly 'Finance Reporting Standard No.3', FRS3. Comparative figures of preceding years were restated accordingly.

Group trading profit improved with £1.4m to £31.9m in 1995. The net profits before tax represented a real disappointment however, with £19.6m. Therefore action has been taken to deal with excess production capacity and to cut costs, amongst others by announcing the closure of two factories: **St Peters** at **Radstock** and at **Marlington** (West Virginia). In **Cumbria** smaller cutbacks have taken place. K offices in **Kendal** closed and the operations of K and Clarks were to be merged. At headquarters in Street reorganisations had to take place to reduce costs.

Key Figures 1991 - 1995 (in Million £)

	1991	1992	1993	1994	1995
Turnover	606	594	625	655	684
Net Borrowings	66	41	38	38	57
" " in percentage	31%	19%	18%	17%	25%
Profit before tax	17.8	19.5	0.1	20.8	19.6
Trading Profit	31.5	27.0	18.2	30.5	31.9
Capital employed	285	263	257	259	281

Of the total turnover until January 31st 1995, £501m was realised in the UK and Europe (73%), which was the same percentage as in the year before. £135m of 1995 turnover was realised in North America, and the remaining £48m (7%) in Australia.

The Clarks Children's Division suffered from a lack of demand. Wholesale sales generally to Europe, North America and the Far East showed overall growth. In North America Clarks of England increased sales by 33%. Sales in the UK remain very difficult.

Verona-based (Italy) Clarks last year reported that sales rose 150% in 1993 compared with the previous year⁴⁶.

The author of this report doesn't know how 'Verona' performed the last

⁴⁵ When the author speaks about the financial results of 1994 or 1995, what is meant is the results of the years ending the 31st of January, in respectively 1994 and 1995.

⁴⁶ Il sole - 24 ore, 20 April 1994, Page 12.

year.

C&J CLARK, saw profits slip by Pounds 1.2m to Pounds 19.6m after charging Pounds 8.4m reorganisation costs⁴⁷.

Net borrowings (£57m) are supposed to decline sharply from the sale of the Milwards and other surplus properties, and of better balancing stock.

Interest costs have risen by 25%, reflecting the higher level of borrowings of the Group in 1994/95, amounting to £56.6 million, including finance lease commitments. The principal increase was due to acquisitions for which the net consideration was £17 million.

Return on sales (=profit before interest expressed as a percentage of turnover) amounted to 3.4% (3.6%). The return on capital employed (= profit before interest expressed as a % of capital employed at the year end) was down to 8.4%, against 9.2% the previous year.

Analysis of Turnover, Profit and Capital Employed 1994/95

	Turnover	Profit	Capital Employed
By geographical area of origin	£000	£000	£000
UK and Continental Europe	516,672	11,441	171,300
North America	134,805	3,845	62,474
Australia	48,397	2,590	19,867
By ultimate geographical market			
UK and Eire	440,492		
Continental Europe	35,051		
North America	134,828		
Asia/Pacific	65,464		
Rest of the World	8,483		
TOTAL	684,318		

In the year 1994/95 the aim was to achieve growth in turnover and profits in both the UK and the USA. 4% Growth in sales was actually achieved, but without additional net margin. Furthermore working capital increased but returns fell in proportion, which is a most unsatisfactory situation.

Significant factors responsible for this were: increased competition, diminished spending on clothing and footwear, reduced demand for children's shoes in the UK, and an overall polarisation of the market in low and high price products.

⁴⁷ Guardian, 6 April 1995, Page 14.

The company expects that more reorganisation costs will arise during 1995/96, comparable in amount to those incurred in 1994/95, being £8.4m, as the group is proceeding to become more competitive, to deal with excess production and to cut costs⁴⁸

In 1994 the reorganisation costs in continuing operations in the UK and Europe amounted £2,445,000 against £12,124,000 the year before. Also in 1993 the reorganisation costs in North America and Australia had respectively been: £682,000 and £608,000.

The main element of all reorganisation costs was in respect of redundancy payments.

The total remuneration for directors in 1994/95 was £802,000, of which the Chairman was paid £113,000 and the highest paid director (J. Clothier) £193,000. The year before the two highest paid directors were still paid £247,000 and about £200,000 respectively.

A former director, Patrick Farmer received £427,000 as compensation for loss of office. Mr Farmer resigned in January 1994 and a C and J Clark spokesman said the pay-off covered his unexpired employment contract plus pension rights, although he refused to say how much longer Mr Farmer's contract had to run⁴⁹.

Investments

In 1994 £24 million was invested, excluding the amount of money paid for the acquisition of retail business **Milwards**.

During the year 1994/95 the group made acquisitions at a total cost of £12,255,000, including £7,555,000 in respect of Milward shoes Ltd, and £3,396,000 for Edmund Turner & Co which holds 25% of the share capital of Milward Shoes Ltd. Both companies were acquired on 24th August 1994. It is estimated that the two acquired retailers contributed £400,000 to the Groups operating profit. Cash recieved of £1,675,000 from disposals represents proceeds deferred from the previous years.

In the year 1993/94 considerable investments were made in technology systems, communications and training.

Clarks shoes in August 1994 purchased 500 printers from Epson in a deal worth £350,000. The footwear retailer will kit out each shop with a

⁴⁸ Guardian, 6 April 1995, Page 14.

⁴⁹ Guardian, 8 April 1994, Page 14.

robustly-constructed Epson TM930II for printing all receipts, cheques, credit card and gift vouchers⁵⁰.

Shares

The family owns about 70 per cent of the company, with the rest equally shared between the employees, trusts and institutions, including the Prudential and Legal & General⁵¹.

The pension schemes hold 6.6% of the ordinary shares in the company.

The adjusted earnings per ordinary share in 1995 were 19.4p (21.3p); and earnings per ordinary share excluding exceptional items amounted in 1995 24.9p (23.2p). Dividends per ordinary share were increased with 13% to 6.50p (5.75p). According to Chairman Roger Pedder there has been a good demand for ordinary shares. All 906,331 shares that were offered in June and October 1994, at prices of £2.00 and £2.40 per share, were sold.

On Friday the 7th of May 1993, shareholders voted for market flotation within five years. Some City observers believed a flotation could be achieved within two years if the family differences were patched up⁵².

⁵⁰ Computer Weekly, 18 August 1994, Page 10.

⁵¹ The Independent on Sunday, 28-3-1993.

⁵² Daily Telegraph, 10 May 1993, Page 20.

5. Employment

The average number of employees, including directors in 1994/95 was, by category:

	1995	1994
Production	7,537	7,634
Sales and Distribution	10,184	9,330
Administration	910	949
	-----	-----
TOTAL	18,631	17,913

The year end number of employees in 1994/95 was 18,200 (18,100), of which 15,400 were employed in the UK and Europe, 1,800 (2,300) in North America, and 1,000 (925) in Australia. These numbers include part-time employees.

As we see the number of employed in North America diminished with almost 22%, while the staff numbers in the UK and Europe as well as in Australia increased slightly.

Through the years there have been many jobs effected by reorganisations and closures.

The closure February 1995, of the factory in Radstock, Avon, involved the loss of 360 jobs.

St Peter's factory, the largest employer in the small Somerset town for almost 40 years, had already cut 240 staff in November 1994 (127 voluntary, and 113 compulsory), when it said it would look for alternative products to offset the 20% decline seen in the children's shoe market over the last five years.

Children's shoes will still be made at the group's Bath, Shepton Mallet and Ilminster sites⁵³.

Closure of the Marlinton plant in the USA, affected 200 employees, in april 1995⁵⁴

35 people joined South Australia's 89,400 unemployed 10 December 1992,

⁵³ Daily Telegraph, 1 February 1995, Page 25; FT 10-11-1994.

⁵⁴ Footwear News Predicasts, 23-1-1995.

following the second round of retrenchments at Clark Shoes Australia Limited in less than three months.

Clark's managing director, Mr Rayden Crawley, blamed the Federal Government's tariff policy, an increase in imported shoes and the failure of workplace reforms on the decision to scale down Clark's operations. Clark Shoes was forced to lay off 108 people in October at a time when retailers were over-laden with imports in difficult trading conditions, he said⁵⁵.

C. & J. Clark, Ltd. in March 1992 reported plans to cut 285 jobs in the UK over the following two months as part of a continuing reorganization of its operations.

The job cuts followed Clarks' announcement in January that it was restructuring its management to become a marketing-led organization. A Clarks spokesman said the job reductions were a direct result of that. The changes replaced Clarks' individual UK subsidiaries, Clarks Shoes and K Shoes, with a new company, Clarks International, Ltd., taking effect on February 1, which would have a unified management with worldwide responsibility for specific functions rather than brands. The group cut 30 employees at the headquarters of Clarks Shoes in Street, England, and 50 employees at K Shoes' headquarters in Kendal, England. Furthermore the company closed the K Shoes plant at Norwich, England, at the end of March 1992. The Clarks Shoe factory in Lancaster, which employs 85 people closed April 10. A plant close in Pottington, England, resulted in the loss of 30 jobs⁵⁶.

The company only shortly before had stated that its factories in Barnstable, Exmouth, Plymouth, Western-super-Mare, Radstock, Shepton Mallet, Bath, Ilminster and Street would not immediately be affected by the group's restructuring, announced the 14th of January. In February however Clark announced jobs cuts, 33 of which would go from the company's Barnstable factory and 50 from the Street headquarters⁵⁷.

C and J Clark International, which owns the Clarks and K Shoe brands, 5 October 1992 announced the closure of its children's shoes factory in Street, Somerset, with the loss of 170 jobs. The closure marks the end of

⁵⁵ Australian Financial Review, 11 December 1992, Page 5.

⁵⁶ Footwear News Predicasts, 09 March 1992; Marketing Week, 28-2-1992, page 7.

⁵⁷ Western Morning News, 14 February 1992, Page 5; Western Morning News, 15 January 1992, Page 8.

shoemaking in Street after 167 years. But Clark would retain about 1,000 head office and marketing staff in the town.

Grim trading conditions, had led to a 10% manufacturing overcapacity. The factory could no longer continue with short-time capacity, which had been in operation the year before.

The site employed 250 people, making 1 million pairs of girls' shoes a year. The operations would be transferred to two other children's footwear factories at Shepton Mallet and Radstock, both in the West Country. The transfer will create 80 additional jobs at the two sites and compulsory redundancies could be further reduced through early retirement and voluntary lay-offs. The company had already reduced its workforce by 800 in 1992 to about 20,000⁵⁸. For instance in April 1992 the company announced the loss of over 400 jobs in the South West region, mainly at Barnstaple and Plymouth where women's fashion shoes were made⁵⁹.

Training is said to play a key role in moving the business forward. During 1993/94 the Company spent over £2.5 million on this vital activity. About seven thousand people then participated in formal training programmes.

Information on matters of concern to the employees is given by the company through presentations, briefings, bulletins and reports, according to the Annual report. The author of this report however hasn't seen any of those, unfortunately.

The 'Board Pensions Committee' reviews and agrees any proposals for changes to the pension schemes for employees, which have to be recommended to the full Board for approval. The pension schemes hold 6.6% of the ordinary shares in the company.

⁵⁸ Independent, 6 October 1992, Page 25.

⁵⁹ Western Morning News, 28 April 1992, Page 5.

6. Strategy

Shoe sector UK

Seven out of every ten pairs of shoes bought in the UK today are from abroad and less than half of Clarks' shoes are made in the UK⁶⁰.

Peter Black Holdings recently announced it was closing its shoe factory. Peter Black is not alone. A spate of closures and receiverships has rocked Britain's already down-at-heel footwear industry recently.

C&J Clark, one of the sector's largest firms, in February 1995 closed its children's shoe plant in Radstock, Avon, with 360 job losses. In Stalybridge, Manchester, Futura shoes is in voluntary receivership. So is Chatterbox Shoes, maker of down-market footwear in Blaby, Leicestershire. It will close in May, with 95 jobs losses.

They all point to inexpensive foreign imports as the source of their woes. Countries such as Indonesia, Italy, Spain, China and Portugal have grabbed a steadily growing share of the UK market for decades. But industry observers say this time the imports are not at fault.

Britain's footwear industry is finally going through a badly needed rationalisation. Cost-efficient producers such as Lotus, the core division of conglomerate FII Group, are doing well. Many have growing export sales and a steady share of Britain's admittedly shrinking domestic market. Malcolm Shierson of receiver Grant Thornton said the companies' problems run deeper. 'What we're seeing is the collapse of companies that have old, outdated equipment,' he said.

Britain's shoe, boot and slipper-makers have been in decline for so long that few people notice when another firm slides under. In the 1960s the industry employed 116,000 people, according to the Leicester and County Footwear Manufacturers' Association. Today it has 35,000 employees. During that period foreign imports rose from 18 per cent to 62 per cent by value.

British exports over the past five years have grown from 25 million to 31 million pairs. But total sales in the UK fell from a peak of 310 million in 1990 to 260 million pairs in 1995 as recession-battered consumers held on to their old leather⁶¹.

⁶⁰ Marketing week, 14 May 1993.

⁶¹ Independent on Sunday, 26 February 1995, Page 2.

The Company

The aim for 1994/95 was to build on the progress made in 1993 and to achieve good growth in turnover and profits in the UK as well as in the USA. 4% Growth in sales was achieved but with no additional net margin.

In future the company wants to understand the consumers better in their international context, and respond to them more quickly. The saliency of the brands will be identified, and innovation will remain emphasized on.

Furthermore the structure of the Group must become less complex, while eliminating excess, duplicated overheads.

The focus of the work has been to ensure that all the brands are distinctive, relevant and clearly defined, and that each brand message is effectively communicated to the customer.

Furthermore the Company is committed to constant development by design and marketing teams, modular working in factories, and continuous process improvement to tighten-up lead times. And one of the main aims remains to expand into international markets, so that new opportunities and challenges can stimulate the Group to improve the quality of everything it does, as the Annual report states.

It is the policy to concentrate clearance activities around manufacturing bases and in selected locations, in order to minimise the effect on full-price trading and the image of the regular shops.

Sources of information

Who Owns Whom, 1994

Report and Accounts, C. & J. Clark Limited 1994, 1995

DUN & Bradstreet international - D&B Linkages

and:

Articles from Newspapers and Magazines, see footnotes in the text.

ANNEX I Available Addresses and numbers of employees⁶²

United Kingdom

HEADQUARTER:

C&J Clark Ltd.
40 High St.
Street
Somerset BA16 OYA

tel.: 45843131
fax.: 45846496

number of employees: 18100 (total)
Year started: 1825

C&J Clark International Ltd.

idem

fax.: 45847547

Number of employees: 13943
Year started: 1842

Clarks Continental Shoes Ltd.

idem

C&J Clarks Overseas Ltd.

idem

tel.: 45842121

Number of employees:?
Year started: 1968

⁶² These addresses are the only ones available to the author of this report. The information given dates May 1995.

Clarks International

Cocker Ave, Poulton Indstl est,
Poulton-Le-Fylde
Lancashire FY6 8JU

Republic of Ireland

Clarks Shoes Dublin Ltd.

Moccasin Works
Wolfe Tone Street
Kilkenny

Number of employees:?

Year started: 1962

France

Clarks S.A.R.L.

72 Qu Carrieres
94220 Charenton Le Pont

Number of employees: 10

Year started: 1982

Federal republic of Germany

Clarks Shoes GmbH

Friedrich-ebert-Str.8
Bingen 6530

tel.: 672145026

fax.: 672145020

Number of employees: 13

Year started: 1978

The Netherlands

Clarks Shoes Benelux BV
Weerdestein 97,
1083 GG Amsterdam

tel.: 020 644 28 03
fax.: 020 644 10 84

Number of employees: 25
Year started: 1978

Australia

Clarks Shoes Ltd.
1-9 Derrick Street
Kew Viv 3101.

tel.: 038601111
fax.: 038530123

Number of employees: 630
Year started: 1936

Clarks Shoes Australia Ltd.

idem.

Number of employees: ?
Year started: 1977

New zealand

Clarks shoes Ltd.
15 norman spencer Drive
Manukau City
6001 New zealand

tel.: 092782149

Number of employees: 15

United States

C&J Clark America Inc.
520 S broad St.
Kenett Square
Pennsylvania 1934483366

tel.: 6104446550

Number of employees: 2000*
Year started: 1977

C&J Clark North America Ltd.

idem

Number of Employees: 2148*
Year started: 1984

C&J Clark Retail Inc.

idem

Number of employees: 642*
Year started: 1977

C&J Clark Inc.

idem

Number of employees: 2300*
Year started: 1983

Canada

C&J Clark Canada Ltd.
2881 Brighton Rd
Mississauga
Ontario L6H 6C9

tel.: 9058291825

Number of employees: 15

Year started: 1952

* According to the Annual Report the total number of employees in north America in 1995 is: 1800

ANNEX II Principal subsidiaries (Annual Report)

C & J Clark Limited and Subsidiaries

The following principal subsidiaries are those contributing to the profits or the assets of the group. All are wholly owned and engaged in the shoe trade unless otherwise stated.

	<u>Country of Incorporation</u>	<u>Ordinary Shares</u>
Directly owned by C & J Clark Limited:		
C & J Clark International Limited	England	£1 each
<i>Trading divisions:</i>		
Clarks International (Clarks, K Shoes and Ravel)		
C & J Clark Properties - <i>Property</i>		
C & J Clark America, Inc.	USA	US\$1 each
Owned via other subsidiary undertakings:		
Rohan Designs Plc - <i>Clothing</i>	England	£1 each
Milwards Shoes Limited - <i>Property</i>	England	£1 each
Edmund Turner & Co Limited - <i>Property</i>	England	£1 each
C & J Clark - Fabrica de Calcado LDA	Portugal	Esc110m
Clarks of England, Inc	USA	US\$1 each
Clarks Shoes Limited	Australia	A\$1 each
Claravon Limited	Australia	A\$1 each

C & J Clark - Fabrica de Calcado LDA has an accounting period ending on 31st December in accordance with local statutory requirements.

ANNEX III List of subsidiaries (Who Owns Whom)

C. & J. CLARK LTD., 40 High Street, Somerset. BA 16 0YA Tel: 0458 43131	3143, 3144. 3149, 3142		
. Abbeviast Ltd	UK	. Hodesh Ltd.	UK
. Alexandra Terrace Management Ltd	UK	. J.F. Holdings Ltd.	UK
. B D Shoes Ltd.	UK	. K Concept Shops Ltd	UK
. Bostonian Shoe Co. of New York	USA	. K Shoes Contributory Pension Scheme (Trustees) Ltd.	UK
. C.J.C. Financial Co.	USA	. K Shoes Ltd	UK
. C & J Clark (Street) Ltd.	UK	. . Abbotts Shoes Ltd. (d)	UK
. C. & J. Clark America Inc.	USA	. . W.H.H. Clarke & Co. Ltd.	UK
. C. & J. Clark Amersham Ltd.	UK	. . Clarks Ltd.	UK
. C. & J. Clark Canada Ltd.	Canada	. . Andrew Dykes Ltd.	UK
. C. & J. Clark-Fábrica de Calçado Ltda.	Portugal	. . K Shoe Shops Ltd.	UK
. C. & J. Clark Inc.	USA	. . K Shoemakers Ltd	UK
. C. & J. Clark International Ltd.	UK	. . 'K' Shoes Ltd.	Republic of Ireland
. C. & J. Clark Investment Properties Ltd.	UK	. . Lakeland Footwear Ltd.	UK
. C. & J. Clark Main Pension Fund (Trustees) Ltd.	UK	. . Mannin Shoes Ltd.	Ile of Man
. C. & J. Clark North America Ltd.	USA	. . Morrisons Ayr Shoe Stores Ltd	UK
. C. & J. Clark Overseas Ltd.	UK	. . J.H. Peel Ltd.	UK
. C. & J. Clark Pension Funds (Trustee) Ltd.	UK	. . H.E. Randall Ltd	UK
. C. & J. Clark Retail Inc.	USA	. . Warner's Ltd	UK
. C. & J. Clark Retail Ltd.	UK	. . Watercrock Nominees Ltd	UK
. C. & J. Clark Retail (Manchester) Ltd.	UK	. Kingsfame Ltd (A)	Hong Kong
. C. & J. Clark Retail Properties Ltd.	UK	. Lord & Farmer Ltd	UK
. . James Baker & Sons (1977) Ltd.	UK	. Masons (Boston) Ltd.	UK
. . Bayne & Duckett Ltd.	UK	. C.J. Massingham Ltd	UK
. . A. Buchanan & Son Ltd.	UK	. Milward Maxey Ltd.	UK
. . Chaussures Ravel Ltd.	UK	. Rohan Designs PLC	UK
. . Flotilla Shoes Ltd.	UK	. Street Estates Development Co. Ltd	UK
. . Him Fashion Shops Ltd.	UK	. Street Estates Ltd.	UK
. . Jackmans Ltd.	UK		
. . Joyanca Properties Ltd.	UK		
. . Joyanca Shoes Ltd.	UK		
. . David Keir & Sons Ltd.	UK		
. . Peter Lord Ltd.	UK		
. . P.L. Shoes Ltd.	UK		
. . Piro Shoes Ltd.	UK		
. . Raphael Shoes Ltd.	UK		
. . Ravel Shoes Ltd.	UK		
. . Walter Rothbury Ltd.	UK		
. . Sports Goods (Neasden) Ltd.	UK		
. . Famous Brands Ltd.	UK		
. C. & J. Clark Senior Executive Pension Scheme (Trustees) Ltd.	UK		
. C. & J. Clark Services Ltd.	UK		
. Clarks Benelux B.V.	Netherlands		
. Clarks Continental Shoes Ltd.	UK		
. Clarks of England Inc.	USA		
. Clarks Footwear Ltd.	UK		
. Clarks Industries Ltd.	UK		
. . Clarks Components Ltd.	UK		
. . Clarks Leatherboard Co. Ltd.	UK		
. . Clarks Shoe Supplies (Export) Ltd.	UK		
. . Clarks Shoe Supplies Ltd.	UK		
. Clarks International Brazil Ltd.	Brazil		
. Clarks Ireland Holdings Ltd.	Republic of Ireland		
. Clarks Ireland Property Ltd.	Republic of Ireland		
. Clarks Ireland Sales Ltd.	Republic of Ireland		
. Clarks Ireland (1973) Ltd.	Republic of Ireland		
. Clarks Japan Co. Ltd.	Japan		
. Clarks Overseas Shoes Ltd.	UK		
. Clarks Properties Ltd.	UK		
. . Atlas Shoes Ltd. (A)	Cyprus		
. . Retail Management Services Ltd.	UK		
. . Torlink Ltd.	UK		
. Clarks S.A.R.L.	France		
. Clarks Shoes Australia Ltd.	Australia		
. . Claravon Ltd.	Australia		
. . Clarks Shoes Ltd.	Australia		
. . Clarks Shoes Ltd.	New Zealand		
. Clarks Shoes Dublin Ltd.	Republic of Ireland		
. Clarks Shoes Handels GmbH	Austria		
. Clarks Shoes Iberia S.A.	Spain		
. Clarks Shoes Ltd.	UK		
. Clarks Shoes Vertriebs GmbH	Germany		
. Clarks Wallabees Ltd.	Republic of Ireland		
. John Farmer Ltd.	UK		
. Flotilla Shoes (Edinburgh) Ltd.	UK		
. Grayng Properties Ltd.	UK		
. John Halliday & Son Ltd.	Republic of Ireland		