

**Colorado Group
Submission to Economic Development Committee
Issues Paper 1 – July 2009**

Background

Colorado Group encompasses the clothing and footwear brands Colorado, Diana Ferrari, Jag, Mathers & Williams the Shoemen. Colorado Group has operated out of a national head office in Brisbane for more than 20 years.

Through the state-wide network of 126 stores within these brands, Colorado Group employs 1054 staff across Queensland. Colorado Group's annual wages bill is \$30 million in Queensland alone, with a national wages bill of \$82 million.

Very few retailers have their headquarters in Queensland, most choosing Victoria as head office location. Colorado Group, Michael Hill Jeweller and Super-Cheap Auto are the only three large retailers that maintain a national head office in Queensland.

Challenges to Employment Growth in the Retail Sector and Recommendations

The three main expenses for a retailer such as Colorado Group are wages, property leasing costs, and product. Government policies that reduce the cost of these expenses can stimulate employment growth in the retail sector.

A retail product has a fairly short life cycle of just three to six months. The knowledge that is valuable to the retailer is knowledge about trends and the short-term future. Retail is also very cyclical in nature. A brand that is almost out of business can often reinvent itself as a great success and a huge employer, within just a few years. The retailer needs to be continually innovative, to constantly refresh a brand with new product to keep it alive.

The retail sector was identified in the Economic Development Committee Issues Paper No. 1 as the biggest employer of Queenslanders. The benefit of the retail model such as the brands in the Colorado Group stable, is that when a good idea or product is identified and established, it's a fairly simple model to replicate. And as it replicates, it employs more and more people.

The Colorado brand itself is an example of this. Colorado began as a boot design in 1990. The Colorado brand alone now employs 1500 people across Australia. With the right investment and business pathway, a small business can become a big business, employing more people.

Research and Development and Innovation

The Queensland Government has identified research and development, and innovation as priority policy areas. Often this model of this tends to neglect retail, focussing instead on the more conventional areas such as science and technology. This model needs to be reconsidered, if Government policy is to foster the growth of one of its biggest employers.

The Queensland Government could provide support to help retail businesses grow and employ more people through:

- Help to reduce the costs of doing business, especially the costs that act as a disincentive to employing additional staff, or opening new stores, such as store opening licences, payroll tax
- Grants programs or low interest loan schemes to help businesses investigate and research new business ideas
- Access to detailed market research data that is easy to access and easy to use
- Intellectual property support

- Business management training programs in skills such as developing business plans and marketing plans, how to develop a business idea into a business
- Business mentoring programs.

Skills

Currently the skills training model works on an apprenticeship training model, which can be challenging to operate within a retail environment.

Secondly, although the current training system operates on a certification process, because there are many different training providers and certifiers, it becomes difficult to assess the quality or the standard of qualifications. This then undermines the commercial value of such training.

Thirdly, in retail, the most valuable skills by far, are people skills. Colorado Group spends more money on training staff in the 'soft skills' of people skills, than in any other area. Colorado Group recognises that these skills are difficult to train, and difficult to certify via competency-based training.

But the retail model can also offer a career pathway for those with the aptitude and commitment. As the current CEO of Colorado Group, I started my working life on the shop floor of David Jones, and of the 11 people in the senior management team of Colorado Group, only three have a tertiary education.

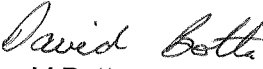
Industry Support

The Queensland Government could also consider establishing a retail and service industry advisory board, consisting of representatives from the sector. This board could act as a direct access for Government to stay in touch with what's working and what isn't working for the retail and service industry. It could provide direct feedback to the Government on policy ideas and initiatives that impact on the sector.

The 15 key industries that have been identified under the Smart Industry Policy and Decision-making framework include, among others, creative industries. A healthy retail operation can help creative industries to employ more people, however retailers are excluded from this key industry. The Queensland Government could consider making retail a key industry, or including retail such as clothing and footwear as a part of the creative industries.

Retail is often neglected in government policy-making, perhaps because it is seen as such a simple and straightforward business model. But as well as being Queensland's largest employer, it is also a large employer of people with high school as their highest level of qualification - those people that are identified as most vulnerable to unemployment.

Thank you for your consideration. I would be happy to meet with you if you wish to discuss this submission further.


David Botta
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Colorado Group

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