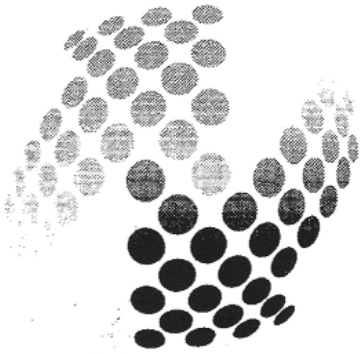


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PROGRESS REPORT BAREFOOT BOOKS

WHEN Tessa Strickland and Nancy Traversy set up **Barefoot Books**, a children's book publishing company, just over 11 years ago they had no idea their fairytale beginning would turn into a loss-making venture, *writes Jayesh Ghaghda.*

The company was struggling with rising costs and low sales caused by an ill-timed expansion into America when the Enterprise Network visited last year. It made a £1.3m loss in 2002, with overheads as high as its sales of £2.4m.

The challenge

A New York office was opened in 1998, but employees recruited from big American firms came with equally big price tags. Barefoot's costs soared.

Also, larger publishers could afford to pay for promotions in book shops, but for small companies, such as Barefoot, promotions were expensive and there was no guarantee that books

would sell.

Strickland and Traversy had been looking at new ways of selling, including the stallholder programme where mothers buy books at a discount from Barefoot to sell to friends, family or a wider audience. The educational and library market was an area the company was considering, but for this to succeed it had to increase brand awareness.

What the experts said

John Wall of Allied Irish Bank (GB) said the pair "need to decide whether to stay in both Britain and America or whether they would achieve better growth by focusing on a single market".

Simon Edwards of Microsoft agreed Barefoot might lose sight of the quality of the product if it got sidetracked by trying to identify new markets.

James Radford of American Express said: "Strengthening the brand requires careful planning and, to do this, Barefoot Books has to remind people over and over again. It is about having a clear and consistent message and Barefoot has to underpin that message in its books."

Action taken

To increase brand awareness, Barefoot linked with companies complementing its products — those aiming for parents who value a special product over mass-market merchandise.

"Partnerships with companies that sell puppets, games and puzzles provide an imaginative offering for a young mind," said Traversy.

The stallholder programme has gone from strength to strength with more than 200 people recruited in America — there were only 25 a year ago — and 250 in Britain.

"We had a fantastic 2004 with the most significant growth in America," she added. "Sales in all channels including book and gift shops, the educational sector and the stallholder programme increased by more than 50% last year. America now accounts for 70% of our total turnover."

Conclusion

Barefoot does not have all its eggs in one basket and sells books to whoever supports its vision. This took profits last year to \$200,000 on sales to \$5m.