

BACK TO BUSINESS



THE VIEW
RICHARD HARRIS

Seasonal adjustment

In light of the sudden publicity regarding the high-profile global corporation X-MASS, I took the opportunity to interview the chairman

Mr Claus, you have a highly seasonal business yet it produces stunning growth year after year. What's your secret?

We keep an extremely tight hold on costs. Our unit wage bill has been rising with no real increase in productivity so we've put in a wide range of automated production lines, both in manufacturing and facilitation.

But what about your employees, the elves and fairies?

Technology has enabled us to cut out some of our traditional costs. I'm afraid we've had to make half of the elves and fairies redundant. The fairies were much lighter and brighter but as an equal opportunity employer we were unable to fire the elves alone. Robots don't complain about stress, or the hours, or require new green pointy hats every year.

What happened to the staff that have left?

I am pleased to say that as a family business we always ensured that they were very highly trained and we were able

to find positions for them as baristas and mobile phone salesmen.

Market rumours are that you have restructured your distribution division?

Again, we have strict production and delivery times and are a firmly results-oriented company. The new technology allows us to facilitate deliveries much more effectively and keep late present complaint ratios to a minimum.

How else have you restructured?

We downsized our distribution team. Dasher, Dancer and Prancer were retiring anyway, and Vixen was a little shrew and upset the others. Donner and Blitzen were struck by lightning. The only one we've kept is Rudolph and he's been stuffed in the Museum of Lapland to remind us of a bygone age.

But who will pull your distribution vehicle?

Again, we've upgraded our technology. The sleigh has been

3D printed using light but strong carbon fibre, and has a fly-by-wire glass cockpit. We've also bought four drones to pull the sleigh, which run on shale gas. Now that the price has dropped nearly 50 per cent, there is a clear financial advantage over the reindeers who constantly demanded magic dust.



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You have a reputation as a hard taskmaster.

Entrepreneurs have a responsibility to be level-headed and red-nosed. The fake Santas in Pacific Place have the luxury of being able to pounce around singing *Happy* and saying, "Ho, ho, ho" all the time.

Has the growth of online retail affected your business?

It has helped spread our

seasonality. The shopping season has been extended by Singles Day, Black Friday and Cyber Monday. I used to have to deliver everything on December 25, flying westwards so that I could follow the sun, but now I use Google Maps and the GPS on my phone.

Could we see a rise in the price of presents in the near future?

I can give some forward guidance that we will not be raising prices for a considerable time. We need to see firm signs of recovery in the economy, and though jobless numbers are down, the recovery is still fragile.

Are X-MASS shares good value?

I'm not at liberty to say much because of SFC regulatory restrictions, but our firm does not depend on share buybacks, currency manipulation, accounting gimmicks, or central bank stimulus. We are proud to be an old-fashioned, vertically integrated conglomerate relying on manufacturing to produce a real product that satisfies customer demand.

How do you measure your success?

Remember the reason for the season. We follow the Happiness Index as we undoubtedly

contribute far more to the peace, charity and good cheer of millions of boys and girls across the globe. And I have the letters to prove it!

Are you optimistic for 2015?

Definitely. Economic growth is set to improve worldwide, even in Europe. The drive to internationalise the yuan this year by the Chinese government is undoubtedly going to be good for our business diversification.

Are we getting any presents this year?

You're surrounded by them – historically low interest rates, demand hardening, governments reflatting if things slow, low inflation, cheap oil and new technology reducing our costs. It couldn't be a better time to do business.

As he left, Claus asked: "You're from Hong Kong, aren't you?" Before adding, "Hong Kong reminds me of Lapland. The elves live in tents in the streets, too."

Richard Harris of Port Shelter has been in the investment industry in Asia for 35 years as an investment manager and expert adviser to both the investment and the legal communities

