

MR

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THE MAGAZINE
OF MENSWEAR
RETAILING

RETAILER OF THE YEAR

Mitchells/Richards

YOUTHQUAKE

How to Shake Up
Young Men's

INVENTORY CRISIS

Overstocked,
Overwhelmed

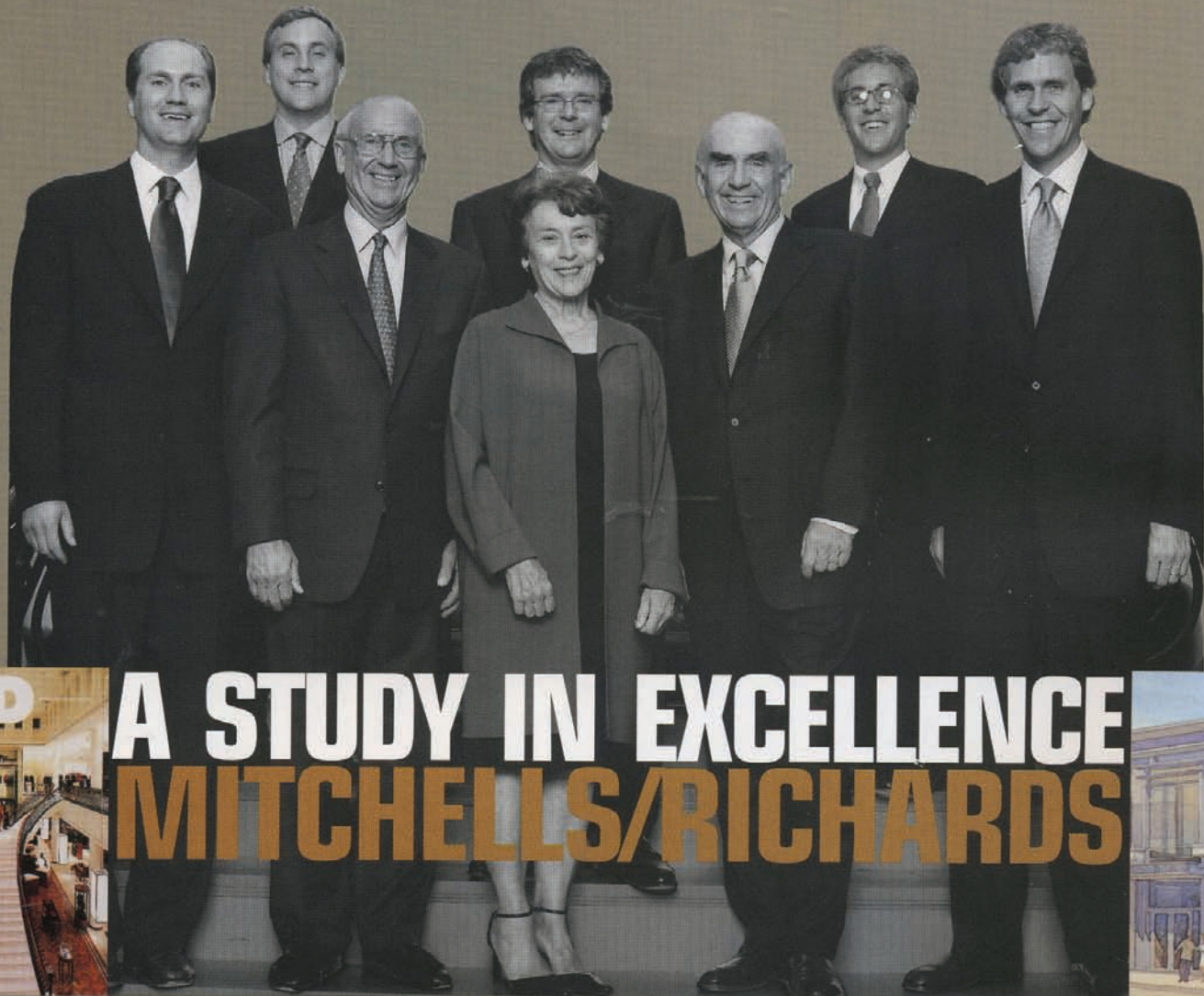
BLUE MOVES

Will Denim
Deliver?

MAGIC DIARY

Spring Directions





A STUDY IN EXCELLENCE MITCHELLS/RICHARDS

In the 9/16/01 *New York Times* Connecticut section, Mikimoto was selling its pearls, Cartier was selling its watches, Verizon was selling its phone service. In fact, the only advertisement that was not selling product was Mitchells/Richards. Instead, the Mitchells were the first to offer sympathy and blessings to all those affected by the 9/11 tragedy. No one who knows the family was a bit surprised.

In fact, long before it was fashionable to combine fashion with philanthropy, the Mitchells were staging special events and donating proceeds to local and national charities, some that they're closely connected to (Near and Far, Inner City Foundation, Anti-Defamation League), others that they learn about through customers. And while giving back to the community is fundamental to many great

stores, the Mitchells have made it a whole way of life.

Still, CEO Jack Mitchell is the first to admit that retailing is all about profits, and in his book, margin is not a dirty word. Yet, despite some big bold moves like buying Richards in Greenwich in 1995 and then investing \$20 million in a spectacular new store (as well as running a free-standing Zegna Sport store across the street), CFO Russ Mitchell explains that the company is essentially conservative, a fact that should help them weather what looks to be a tough year ahead.

But what should help them even more is the loyalty they've won from customers, vendors and employees. "I could buy the same dress in Neimans or Saks," we heard one customer recently comment. "But I love working with Mitchells employees;

everyone treats me like I'm royalty, even the tailors make me feel special."

Martin Bradshaw of Canali tells a story about an investment banker friend of his, not a regular Mitchells shopper, who was in the Westport store for their end-of-summer sale; he and his wife each bought some things at half price. "My friend was absolutely amazed to get this lovely thank you note, referring specifically to a few of their purchases, and signed personally by Jack with an added hand-written note. He actually brought the note into a company meeting to show his team how customers should be treated. And he e-mailed Jack telling him that he felt guilty being treated so well as a sale customer, that he looks forward to coming back and shopping at regular price to help increase their margins..."

A PARAGON
OF SPECIALTY
RETAILING,
THE MITCHELLS
HAVE MASTERED
A BALANCE OF
INFORMATION
AND INTUITION,
FAMILY AND
COMMUNITY,
HYPE AND HUGS.



"Our efforts, our focus, our first consideration," reiterates Russ Mitchell, "is always the customer. Where is he? When will we see him? And what will we do when he arrives? 'Where is the stock and what is it doing there?' is not our first priority. And our computer systems are built to address these questions."

"It's not just that the Mitchells appreciate their customers, vendors and associates," says Richard Cohen of Zegna, "but that they take the time all the time to let people know how much they're appreciated."

"Who else throws a party for their suppliers that they actually pay for themselves?" adds Brioni's Joe Barrato.

Still, nothing is perfect, and the Mitchells are the first to acknowledge that running a business with seven family members at the helm is no easy task. But never too proud to ask for advice, the Mitchells employ not only a family consultant but

also an outside advisory board comprised of local business leaders (some are customers) with a mandate to provide objectivity. The board meets quarterly to help with issues like strategic planning, expansion, and transition; the trust level between advisors and family members is highly atypical.

As is the relationship between the family and their employees. Says Pamela Miles, Jack Mitchell's executive assistant and right arm, "Employees are not employees here, we're associates, we're family. And since we all wear multiple hats, we have the opportunity to develop, both personally and professionally."

Says Dan Farrington, menswear DMM (who's been working at the store since age 16): "What is typically an awkward dynamic for a non-family executive in a family business is offset by the simple fact that the Mitchells are so fair and decent: I truly like working for them and I truly admire them as people."

Fast Facts on Mitchells/Richards:

- Total store volume: \$60 to \$65 million, even between stores
- Employees: 165
- Full-time sellers: 52
- Avg. tenure of sales associates: 12 years
- Million-dollar sellers: 20
- Clients who are top execs of major corporations: 300 plus
- Volume done Saturdays: 50% plus
- Tailored clothing sold at regular price: 60%
- Private label to total menswear: 5%
- Amount raised for local charities last year: \$900,000
- Average age of customer: 40 to 50
- Promotional pieces mailed: 250/yr. per store
- In-store special events: 100 to 150/yr. per store
- Suits/sportcoats sold annually: 23,000
- Active men's households in database: 25,000
- Computer terminals: 80

Richards

- Founded in 1947 by Ed Schachter; upgraded in 1964
- Purchased in 1995 by the Mitchells
- New store took 3½ years to get zoning, moved in August 2000
- New store features shops for Hermes, Zegna, Armani
- 2/3 men's, 1/3 women's in space and volume
- 200 on-site parking spots
- Cups of coffee served in 2000: 20,613
- Packages sent to NYC daily: 75 to 80

Mitchells

- Founded: 1958 by Ed and Norma Mitchell
- Current size: 27,000 square feet (30 times the size of first store)
- Added women's in 1969
- Moved to current location in 1979
- Added 9,000 square feet in 1992
- 2/3 men's, 1/3 women's in space
- 53% men's/47% women's in volume (goal: 50/50)
- Amount of M&Ms given out last year: 80 lbs. plain, 1,065 lbs. peanut

**"WHEN YOU TEACH YOUR SON, YOU TEACH YOUR SON'S SON."
—THE TALMUD**

Ed Mitchell: Patriarch

Sit down and discuss the retail apparel business with Mitchells' founder and patriarch Ed Mitchell and his energy, intelligence and joie de vivre will light up the room. At age 96, wearing an elegant Charvet tie and Hickey Freeman suit, Mitchell is a handsome and delightfully charming man with steel blue eyes (that he laments are failing him these days, a particular frustration in that he loves greeting people in the store...) and a warm smile. He is a man who loves life and lives it with passion. The business he created is a reflection of his spirit.

"He's definitely found the fountain of youth," affirms his son Bill. "He's still in the store every Saturday, he goes to board meetings, he's on top of current events and sports. He is, and always has been, my personal hero."

"The fact that he got married again at age 90 shows his amazingly optimistic attitude toward life," adds his son Jack. "When you just asked him what he'd do differently in his life, his immediate response was that he'd never thought about it. This is a man who does not dwell on mistakes or regrets; he only looks forward..."

Before he founded Mitchells in 1958 at age 53, Ed Mitchell was a retail consultant. "My partner Russ Allen was the real genius," he states modestly. "He figured out how to apply principles of industrial engineering to retailing. In other words, assuming that there is only one best way of doing any-

thing, we would travel around the country and perform various tests in stores to determine the best way for sales associates to grow sales, the best location for fixtures, etc. One of the first things I discovered (in Kansas City in the 1940s) was that women hate cases. I would stand around this store and watch sales associates take out a shirt, unfold it, show it to the customer, refold it and put it right back in the case before the customer could make up her mind. So we suggested to the store owner that he get rid of the cases: What he might lose in shortages would be more than compensated by increased volume. And of course today, almost everything is open-sell."

But since his consulting job kept him out-of-town from Monday to Friday, Ed's wife Norma eventually persuaded him to open a little store for young men in their hometown of Westport, CT. (Jack was a freshman at Wesleyan, Bill in high school). "I was reluctant at first," Ed remembers. "But when Norma said 'I'll help you,' that clinched it. It was really all her doing!"

The stories from the early days (when suit inventory consisted of just three suits—two gray and one blue—all in the same size; Ed's mother did all the alterations) are truly heart-warming. Norma loved the idea of entertaining guests in her new "home", even schlepping her coffee pot from the house (and bringing it home again at night) and reading books to kids in the store. (One of these kids, Ed recalls, was Paul Newman's daughter, who

loved the stories so much that she didn't want to leave; Newman had to bribe her with a new bicycle, something Mitchell did not live down for many years...)

His observations on customer behavior reflect a keen understanding of the Mars-Venus dynamic. He tells of former GE chairman Reginald Jones coming into the store with his wife Grace. "He wore only blue suits, but she fell in love with this green herringbone suit, a classic three-piece model in an authentic Harris tweed. I knew he would end up buying it, but I also suspected he would never wear it... And I don't think he ever did!"

On his zest for life and his wonderfully positive attitude at 96 years of age, Ed Mitchell is philosophical: "I recently saw my doctor about several medical problems and what he suggested says it best. 'I can't help you with the physical process of aging,' he told me, 'but here's some good advice: Accept it with all the grace that you can.' And so I'm trying to do just that."

**"REGINALD JONES, FORMER
CHAIRMAN OF GE, ONCE CAME INTO
THE STORE AND HANDED ME A LIST
OF NAMES. 'WRITE THESE PEOPLE
PERSONAL NOTES,' HE SUGGESTED.
'I'VE TOLD THEM ABOUT YOUR
STORE...' —ED MITCHELL**



Jack Mitchell: The Rock

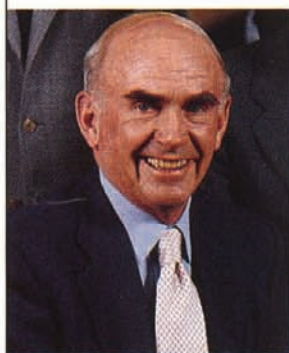
At a recent Small Business breakfast sponsored by CBS radio and Chase bank, CBS business reporter Joe Connolly asked Jack Mitchell about recession strategy. "My goal is to get to know our top 1,000 customers personally. And to acknowledge all sales associates for strong performances. I myself sign every check that goes out to let people know that I'm personally on top of expenses. But while we hold the line on expenses that don't touch the customer, we never compro-

mission is a good carrot for sellers; it encourages them to form relationships and learn more about their customers. Of course when the economy downturns, these associates are more directly affected. In Greenwich, it's a combination of salary, incentives and personal goals, which perhaps creates a greater camaraderie, a stronger climate of teamwork. But bottom line, we pay as well or better than our competition in both scenarios and of course, strong customer relationships are the key in both stores."

A frequent speaker at seminars around the country (many believe his "hug your customer" spiel should be required curriculum at

dent in their kids (all of whom are required to work elsewhere for five years before they can work at the store, as suggested by their non-family board of directors), it was not a difficult decision for the brothers to turn over ownership to the third generation. "Mom and Dad gave Bill and I the business when they were in their 60s; we turned it over to our kids when we were in our 50s."

Each grandson now owns common stock; Jack and Bill kept nothing. "When we first decided to do this, our attorney pulled me over and asked, 'Are you crazy? Do you realize what you're doing?' But from studying science and animal instincts and



"LIKE I ONCE KNEW ALL THE THE STATS ON JOE DIMAGGIO AND MICKEY MANTLE, I NOW KNOW ALL THE STATS ON MY TOP THOUSAND CUSTOMERS... BUT IT'S NOT JUST ME: OUR TAILORS AND OUR FITTERS KNOW OUR CUSTOMERS; EVEN OUR DELIVERY PEOPLE KNOW OUR CUSTOMERS..."

—JACK MITCHELL

mise on customer service. In fact, we continue to invest in customer service as well as perks for our associates. The goal is to keep everyone upbeat and positive during challenging times."

Indeed, keeping employees upbeat and positive is a top priority for Jack Mitchell, who gives much thought to his unique situation of having two stores with two different compensation systems. (Mitchells' sales associates have always been on commission whereas Richards' employees aren't, since that system was firmly in place when they bought the store; interestingly, employees at each store seem to prefer the system they're on...) "There are advantages and disadvantages of each system," Jack explains. "In Westport, it's very simple and out there: The sales associates earn 6 percent commission, so you know that if someone sells \$2 million a year, he makes \$120,000. I think commis-

business schools), Jack never intended to enter the family business ("I once believed that if you sell one person a suit, you've sold them all...And even today, my passion is the people dynamic, not the clothes...") Instead, he received an MA from UC Berkeley in Chinese history, culture and language with the goal of becoming a diplomat. Unfortunately, by the time he finished his studies, the U.S. was no longer speaking to China, so diplomats were not in great demand.

After six years doing bio research at the Northeast Institute for Medical Research, Jack succumbed to his father's request and agreed to come into the family business, heading up women's wear. "It was the late '60s, people were burning down cities wearing sandals and jeans so the last thing I thought I'd care about was working in a clothing store. But the second I came in, I loved it!"

With Bill and Jack's passion now evi-

territoriality, I believe that people are more committed if there's ownership involved. Of course, it's certainly more complicated dealing with two families rather than one..."

Those who know Jack well are equally impressed by his empathy and energy. Says Jack's executive assistant, Pamela Miles, "He really cares about people; there's nothing pretentious about him. Plus he works eight days a week; I don't know how he does it. He just doesn't let the momentum stop."

Adds Bob Wichser of Joseph Abboud: "Jack has more positive energy than anyone I know. He is the architect and caretaker of the enormous pride that permeates the entire organization."

But perhaps Ed Mitchell says it best. "Norma once summed him up perfectly," he remembers. "Jack is a rock; we can always depend on him." And she was right!





Bill Mitchell: The Soul of the Store

"I've known only one job," says Bill Mitchell, who came into the family business in 1965 after graduating from college. "Originally, it was just to try it out for a year or two; now, I can't imagine doing anything else."

And who can imagine Bill Mitchell not being on the selling floor at Mitchells in Westport, morning or evening, weekday or weekend, sunshine or snow? He knows virtually all of his customers personally, and connects with them in such a genuine way that each of them feels like the most important person in the world. Long before all the marketing gurus touted customer service, Bill Mitchell lived it. And still does.

As his brother Jack explains it, "While I'm a very straight arrow, predictable, and overly analytical, Bill is conceptual and highly intuitive. He effortlessly makes people feel terrific; he is the heart and soul of the business."

Adds his father Ed: "Bill will give anyone anything at anytime. He is the most generous person I know."

The secret of Mitchell's success: It's simple: we were raised by the golden rule: Treat others as you want to be treated. Of course, we also have a genuine passion for what we do: If you

love what you do, it will show. And we make it a point to go beyond the customer's expectation. All told, our focus, our main mission, is to make every client feel terrific. And as my father taught us, if they feel terrific, they'll come back.

What else I've learned from my dad: That you should always give back to the community because it's the right thing to do. And that the more you give back, the more that comes back to you.

What I lose sleep over: The fact that we're a third generation family business and according to statistics, 92 percent of these end up in the tank, meaning only 8 percent survive. So we meet every Tuesday morning as a family and make sure we air all our concerns. And we hired a family consultant about 12 years ago to guide us through all the family-type issues (spouses, egos, personalities) under the unwavering premise that every decision must center on what's best for the business. And fortunately, Jack and I are blessed with bright, honest, hard-working kids so we can let them be who they are.

What I don't lose sleep over: The economy. When we had our last recession in '90-'91, the business shrank a bit and we had to lay off some really good people. But we survived and then prospered because the foundation was strong. So the trick now is to just roll with it...

How I define my role at the store: I'm kind of the Maitre D; my job is to make people feel special, which is natural for me since I've always been a people person.

And Jack's role?: He's the perfect leader.

What I'd change about myself: I wish I were more technology-oriented.

Future plans: I love what I do and I might be here forever. Unless, of course, Domenic Condolea (Mitchells' master tailor) leaves and then I'm right behind him. Because as nice as we are and as strong as our business might be, unless the clothes fit, nothing else matters.

"WHEN
DOMENIC
(OUR
MASTER
TAILOR)
LEAVES,
I'M RIGHT
BEHIND
HIM."
—BILL
MITCHELL



MITCHELLS' 10TH
ANNIVERSARY IN 1968.
Left to right, Ed, Bill,
Linda, Jack and Norma.

Bobby Mitchell: Merchant Prince

Bobby Mitchell is trying on clothing in the Zegna shop at Richards. Looking very much like an ad out of *L'Uomo Vogue* in a side-vented three-button suit coat, he laments that his six foot four inch frame often precludes off-the-rack clothing. "Should I try a DB?" Bobby asks Zegna rep Maurizio, after selecting a swatch in classic pinstripes and reiterating about "pleated but slim" trousers.

"Absolutely," replies Maurizio, (who is also young and handsome and fashionable). "They're now very hip. I've never worn double-breasted in my life but I'm about to start..."

In addition to being the best salesman in the family (according to his dad), Bobby is known for his innate feel for product. "Of all the kids, I probably spent the most time in the store," he rationalizes. "Starting when I was 10 or 11, I'd come in most Saturdays and of course summers. In the early days, my main job was to serve sherry to the customers. Then I graduated to selling shoes. While in high school, I also worked at both Malouf's and Norton Ditto. And I took a semester off from Dartmouth to work in New York at Schoeneman: I was the official 'swatch boy' but also traveled to regional shows so I had a chance to deal with buyers."

Despite an obvious retail passion, Bobby switched gears after graduation and accepted an editorial position at *Sports Illustrated*; it wasn't until fall '91, more than five years later, when he agreed to come into the business as furnishings buyer. (When Mitchells' head merchant became ill a few months later, Bobby also took over clothing and sportswear.)



"WE BASE OUR BUYING DECISIONS ON STATISTICS AND GUT. RELYING ON THE PAST IS NOT ALWAYS THE BEST INDICATOR." —BOB MITCHELL

Average Suit Retail (out-the-door pricepoints)

	1999	2000
Mitchells	\$838	\$913
Richards	\$906	\$1,063

Menswear Volume by Category (both stores)

	1999	2000	2001 (est.)
Clothing	55%	51%	53%
Sportswear	21%	27%	23%
Furnishings	19%	16%	18%
Shoes	5%	6%	6%

"Russell came into the business at about the same time I did and for us, it was both the best and worst of times. We were dealing with a recession and we knew we needed to drive sales; we were also in a restructuring mode, just starting to dabble in Italian product. So in a very short time, we dramatically upgraded our menswear while expanding the store to showcase women's. Bottom line, we've grown the business six times over since then..."

Confident but not cocky, Bobby explains how unusual it is that his father and uncle gave him and Russ "tremendous latitude and responsibility to change and grow the business. I mean, I'm now 36 but I was only in my 20s at the time. I don't think people realize the extent to which they've turned over authority. Succession is often a big issue in family businesses, but we haven't had a problem..."

Bobby attributes much of the smooth transition to his unique relationship with his older brother Russell. "We were both in the same fraternity at Dartmouth, we played sports together, we still share many of the same close friends. All told, we totally understand each other's strengths and weaknesses. And we both agree on the importance of growing the business to allow personal growth for both family and non-family associates."

Clearly, they've got their work cut out for them, as recent world events have made growing the business an elusive goal at best. Bobby, always unflappable, is surprisingly candid about the precarious state of menswear at the moment. "We had already planned conservatively for spring," he explains. "We're still confident about suits and furnishings, but we don't project growth in sportswear." Bobby explains that last year was an anomaly for menswear in that both the economy and corporate dress codes were hit simultaneously. "Last September, we sold more outerwear than suits," he confides. "This year, there's clear movement to a dressier work environment and increases in suits and furnishings are already a reality. (Editor's note: Mitchells' ratio of suits to sportcoats was 2 to 1 in '99, almost 1 to 1 in 2000 and is now running about one and a half to one.) The days of golf shirts and khakis in the workplace are numbered."

Although Mitchells has earned widespread respect from the market, there are those who maintain that perhaps they have not pushed the envelope far enough in terms of forward fashion, that the women's mix is much edgier than the men's, and that perhaps their customer base is not young enough to assure future growth. Bobby deals with these accusations calmly and patiently (although Jack has described him as "very opinionated and direct to the point of abrupt").

"Our advanced men's collections have not been performing to expectation," he admits. "Our women's customers are edgier: We have many buying Prada and Dolce & Gabbana whose husbands wear Hickey Freeman. For us, fashion in menswear is more classic Italian (Zegna, Canali) than modern directional. But we need the advanced lines so that we don't stagnate. For example, Dolce showing a five-button suit pushed our customer to try three-button. But even after six years of pushing three-button clothing, 40 to 50 percent of our customers have not given up two-button. Still, we're committed to building Prada and Dolce and Boss, and over time, they will represent a larger percentage of the business."

Adds menswear DMM Dan Farrington (who has been working at Mitchells full-time since 1992), "We're not about image or attitude. Unlike some stores, we don't decide on a look and say, 'This is our vision; buy it or don't.' Instead, we have a broad base of merchandise

and we're not too proud to listen to our customers."

Still, Farrington points out that while their roots are traditional, Mitchells/Richards' male customers are sophisticated and remarkably brand-aware. "When we first brought in Luigi Borrelli shirts, I was surprised at how many men knew the line. Our customers travel, they're educated and very observant. But while they know and appreciate the lines we carry, I think their loyalty is more to the store than to the brands."

Toward this end, the menswear team at Mitchells (Farrington, Noella Duh in sportswear and Kristen Lutz in furnishings, all under Bobby's direction) merchandise collections that can play off each other. "Our customer might buy a Zegna sportshirt, a Loro Piana sweater, and Barbera trousers," explains Farrington. "But that's what being a merchant is. It's not hard to buy by vendor; the art is putting together a look, a store, that represents a cohesive point of view."

As to the age issue, Bobby maintains that for every 60-year-old customer, they've also got a 30-year-old, so that the average falls between 40 and 50. "Clearly, we're attracting a younger customer," he insists. "If anything, we've turned off some of the old guard with assortments that are not traditional enough."

On the difference between Mitchells and Richards, Bobby points out that while 80 percent of the mix is the same, Richards is turning out to be slightly edgier ("we forget that Greenwich is a much bigger market") and can handle suit retails that are 10 to 12 percent higher. Yet, while both stores offer opening pricepoints to satisfy customer needs (suits start at \$695), this segment is the weakest part of the business while Zegna, Canali and Armani continue to generate a good 50 to 60 percent of clothing volume. (Brioni, Kiton, Hickey Freeman, Oxxford and Ralph are up there as well.) Clearly, trading down is not part of Mitchells' game plan. Even now.

Men's Clothing Mix

	2001(est.)	2002 (plan)	Price Range
Suits	36%	42%	\$695 - \$2,495
Sportcoats (incl. Blazers)	39%	35%	\$495 - \$2,195
Trousers	21%	19%	\$125 - \$495
Formalwear	4%	4%	\$895 - \$1,895

Men's Furnishings Mix

	2001(est.)	2002 (plan)	Price Range
Dress Shirts	43%	45%	\$95 - \$375
Neckwear	29%	31%	\$85 - \$135
Underwear/Sleepwear	5%	4%	\$15 - \$1,495
Accessories	23%	20%	\$75 - \$1,495

Men's Sportswear Mix

	2001(est.)	2002 (plan)	Price Range
Knit Shirts	25%	28%	\$55 - \$450
Woven Tops	34%	33%	\$75 - \$350
Sweaters	25%	27%	\$95 - \$1,295
Slacks	12%	8%	\$55 - \$225
Seasonal	4%	4%	\$45 - \$125

From a Great American Tradition to
Great Americans, the Mitchell Family.



Russ Mitchell: The Thinker

"I'm not in charge of buying or selling; my main role is to ensure we are financially sound," Russ Mitchell responds to a question about what he actually does. "Ten years ago, we were borrowing a fair amount of money; since then, our primary rule has been 'cash is king.' The trick is to stick to that rule in good times so that you're able to weather the bad..."

Russ Mitchell is a very smart guy, smart enough to acknowledge that he does not have all the answers, especially these days. "We were doing pretty well," he confides, "despite the general economy. We had planned down only slightly; we had confidence; there was momentum. Now, at least at the moment, everyone's confidence is shaken. But as a business, as an industry, as a country, we need to move forward. And we will."

When Russell first joined the company in the late '80s, Mitchells was facing a tenuous economy for the first time ever. "They wanted to hire a CFO. I was 25, working for IBM in Boston (and loving it), with no background in finance.

designing the systems that drive everything that goes on in both stores. This ranges from inventory management to customer profiling to employee productivity to the 250 different customized mailers that are sent out of each store each year. "We probably do a better job of managing than most, but as good as we are, I know we could run things even more efficiently," he admits. "In general in retailing, the operations part of the business becomes less important the higher prices go (look how well Wal-Mart and Target are run). But why can't an upscale retailer also be an efficient operator? So my job involves lots of analytical thinking: breaking down the problems and building systems to solve them..."

Store design, a third component of Russell's job description, can take up much of his time, especially when it involves all aspects of planning and executing a new store, e.g. the zoning issues and other sensitive negotiations last year in Greenwich. And now, just a year after building their prize-

"I'VE ALWAYS BELIEVED THAT GETTING THE BIG PICTURE RIGHT, AND EXECUTING AS BEST YOU CAN, IS MUCH MORE IMPORTANT THAN HAGGLING ABOUT DETAILS." —RUSS MITCHELL

But I'm an analytical thinker and my dad persuaded me to come on board, and Bobby soon after. Together, we got our hands around the business and came up with a sound financial strategy."

These past 10 years, their sound financial strategy has been "conservative, but open to big, bold moves when it makes sense." Obviously, their boldest move to date was their recent \$20 million investment in a magnificent new Richards store in Greenwich (a relatively unleveraged purchase financed by Putnam Trust/Bank of New York). But what makes sense now? Just how big and bold can one be in today's environment of uncertainty?

"Well, obviously, we've put some ideas on hold," Russ explains, "markets to expand into, businesses to buy, retail operations to run for other companies, etc. But the real key in this kind of economy is managing inventory: Any store can be more profitable if inventory is managed well."

Russell also heads up Mitchells' information technology—not just running it, but actually

winning showcase store ("on time and on budget"), Russell is currently dealing with renovating the Westport store, not quite 10 years old. "I don't know that we're going to do it immediately, but come next spring, the economic outlook might be better so why not be ready? Retailers should never get to a point where a store starts feeling old..."

Finally, it falls upon Russell to deal with defining job responsibilities, avoiding overlap if possible and maximizing the expertise of each employee. "We've got some great talent in both family and non-family members. If we manage that right, we'll be successful for the next 20 years. If we don't, nothing else matters—not the economy, not the width of lapels, not the price of cashmere in Asia..."

But all told, Russell is confident that Mitchells/Richards will weather the next 12 months better than most. "We were never frivolous in good times, and the two most important things in our business remain customers and cash."



Master Tailors Domenic Condeleo and Tullio Giannitti

DOMENIC CONDELEO & TULLIO GIANNITI: MAGIC HANDS

"I get to fit a lot of interesting people," says Domenic Condeleo, an Italian who came to Norwalk, CT, in 1959. A year later, he went to work for Ed and Norma Mitchell. That was 41 years and three locations ago. Now he oversees 23 tailors in Westport.

Fellow Italian Tullio Giannitti's first job in the U.S. was with Mitchells. After six months he moved over to Richards where he has worked for 30 years. "It's ironic that because of the merger of Mitchells and Richards, I've returned to my early roots in this country," he says.

Domenic and Tullio are as much a part of the operations as any Mitchell family member. "On average, I would say we do about 200 suits a week," Domenic says, adding that his tailors hail from all over the world. "We call the shop the United Nations, and everyone who came to work for me has stayed. I'm very lucky because there aren't many people who want to do this any more."

Both men not only spend time on the sales floor, they meet with manufacturers and designers at the start of each season to keep up with styling and design direction. Says Tullio: "Upscale designers use very fine fabrics and special techniques to tailor garments, so we must be able to interpret and stay true to their intent as we follow through with our alterations."

With remarkable turnaround times and the ability to travel to homes, offices—even airports—to accommodate customers' needs, Domenic and Tullio are in the business of building trust as well as fitting suits. "Over the years we have established close relationships with our customers," says Tullio. "We know their body types, their preferences for looseness length and over all fit...Sometimes it takes a couple of fittings to get it right."

With all their experience, Tullio and Domenic are eye witnesses to the evolution of modern men's fashion. "Before, the suit was a uniform," Domenic asserts. "For years, women had fun dressing and men didn't. Now we have better quality merchandise, very high fashion and the ability to mix and match. We put it together and it's a lot of fun."





"A SHARK FOLLOWS HIS PREY, GOES IN FOR THE KILL AND DISAPPEARS. A BARRACUDA HAS A KEEN EYE AND STICKS AROUND. THAT'S THE KIND OF PERSON WE WANT." —TODD MITCHELL

Todd Mitchell: The Art of the Sale

Todd Mitchell worked for Apple Computer for five years after graduating from Boston College in 1991. Starting in sales on the East Coast, Todd then moved to the West Coast to head up the company's Internet strategies for K-12 schools. He became senior technologist on the sales force for the public schools in 14 western states before returning home to aid Russ in setting up technology systems.

In total, Mitchells and Richards employ 165 full-timers and 25 part-timers. Of those, 52 are full-time sales associates; there are also two part-timers who

pick up the extra busy hours like Thursday evenings and Saturdays. Todd says the philosophy of relying on a full time sales staff reflects the store's priorities. "Our philosophy is 'raising the bar.' We want to do more and do it better each time a customer visits the store." And only full-time associates are able to meet the goal of becoming million-dollar sellers within their first year of employment. In fact, many are already there, with a few boasting \$2 million and even \$3 million in sales.

What does he look for on a resume? "Long-term commitments," Todd says. The average seller at Mitchells has over 12 years of experience and Todd wants someone who wants to become part of a team of tenured people who are willing to go the extra mile. Not to mention sellers who can cover the entire store. "You can be a shark or a barracuda," Todd asserts. "A shark follows his prey,

goes in for the kill and disappears. A barracuda has a keen eye and sticks around. That's the kind of person we want."

According to Todd, his greatest management challenges are finding "diversity in the type of sales associates that match our customer base." Yet assembling this strong team of menswear sellers, several of whom cross-sell women's on a regular basis, allows the stores to emphasize service over product—something not everyone agrees with, but a philosophy the Mitchell family sticks by wholeheartedly.

Todd believes that finding young people who want a retail career is perhaps the biggest challenge of all. "We would welcome someone who is edgy, fashion forward and into Prada, D&G and new designers, but it's difficult to find new blood," he asserts.

CONGRATULATIONS

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Technology "What are you doing, Dave?"

THE COMPUTERS AT MITCHELLS AND RICHARDS KNOW WHAT YOU DID LAST SUMMER.

Most retailers' technology systems are focused on the inventory they own, the allocation of product between stores, as well as banking and financial issues. In the majority of cases, the systems

ignore, to a large degree, the client base of the organization. Not so at Mitchells and Richards.

"The key difference between our system and other retailers," says Todd Mitchell, "is that we know every item the client buys."

"In 1989, with the help of IBM and their AS400 system, we set out to build a computer system that put the customer, not the inventory, in the center," says Russ Mitchell. Russ was responsible for the initial architecture of the store's IT systems. In 1995, when Todd Mitchell joined the company, he accelerated efforts to make clients the number-one priority.

"Most companies layer customers into their IT systems after all product information is set in place. At Mitchell's," says Russ, "we layer the clients first. All else comes second. What this system allows us to do is literally turn our clients into SKU's (stock keeping units). We know where they live and work. We know their spouses' names and their employers. We know if they like to be called Mrs. or Ms. We know how their buying habits trend, how long they wait to come pick up finished alterations, and we also can tell, with this system, if they buy anything when they do come in to pick up."

"Most retailers cannot tell you who their top five customers are," Todd continues. "At Mitchells, we can tell you our top 1,000, and not only that, but we can tell you, by the hour, how each of those 1,000 clients trends in their spending within the entire client base of both stores."

On one of the many different menu screens, there is a small section that lists, much like a baseball box score, client ranking by spending percentage. With the click of the mouse, any sales associate can instantly see, going back three years (and further with a simple command) where his or her client stands in the percentage rankings, by spending, of all clients. Retirement, lottery winnings, divorce, lay-off, promotions, geographic relocation, death, marriage, a new child—all the factors that might influence a client's spending—are reflected in these sales records. This helps the salesperson be more intuitive when engaging a client in a sales effort.

"Our system is allowing us to think small and act big," says Russ. Customers receive individualized service from merchants who know their first names, product preferences and spending habits, and at the same time, they reap benefits of a large inventory typically associated with a big city store. With every sales associate empowered to access the massive database, it is almost impossible for any client to fall through a crack.



With over 20 years of partnership, your 250 associates at Individualized Shirts congratulate Mitchells/Richards on being named 2001 Retailer of the Year

INDIVIDUALIZED SHIRTS

Andrew Mitchell: Life of the Party!

Andrew Mitchell has got it goin' on. No, really: That's his job.

"Always have something going on in the store and create surprises for the customers' enjoyment," is his way of describing his mission. Andrew is the most recent member of G3 (what the third generation of Mitchells call themselves) to join the family business.

After stints in marketing at London Fog, Venator Group (Foot Locker, Lady Footlocker) and Godiva chocolates, where he developed a successful relationship marketing program, it was time to apply his media savvy to the home front.

As VP Marketing, Andrew's responsibilities are divided between advertising/marketing and visual store displays.

Everyone has an opinion, and the family meets every Tuesday to discuss strategy, but ultimately, decisions are made unilaterally, after everyone has had their say. "Oh I hear it," Andrew laughs. "Why are those golf shirts in that window? What were you thinking when you did that?" But the respect the Mitchells have for each other is most easily translated into its close ties to the community.

"We are a community-focused store and we each live in different towns," Andrew explains. "That allows us to keep our pulse

on the communities our stores are in." Playing a role in local life also includes raising money for local charities through in-store events and availing the premises to local groups for Junior League meetings and school car washes.

Forty to 50 percent of the marketing budget goes to direct mail, an in-house operation performed right on Andrew's trusty Mac—no small feat considering an estimated 450 pieces (including letters) are created annually. Once the piece is designed, it is carefully targeted to specific customers.

Perhaps the most important direct mail piece of all is the seasonal catalog shot on location at exotic locales, most recently Anguila and Tuscany. Essentially a look-book for customers, each page shows off a style from a featured designer—from Kiton to Chloe and Cole Haan. It's an expensive marketing tool to produce and the only printed material requiring the services of a graphic design firm. "We edit the best of the world," he says. "We want to show that we have these lines. People want to shop locally, but if you don't have the right product, they'll go somewhere else." Like New York City. After all, Fairfield County is essentially a suburb of Manhattan and an easy Land Rover ride down I-95. That's why the book is inserted in the Connecticut and

Westchester editions of *The New York Times*.

Andrew is also the driving force these days behind *Forum Magazine*, Mitchells/Richards' own consumer magazine (also custom published for 12 other specialty shops that make up the Forum Group of stores), which features articles on everything from heli-skiing to shopping for a private island. Andrew believes his greatest challenge is to "get customers into the store" by continually developing "new, relevant ideas." In fact, his goal is to add 20 percent new ideas to his marketing repertoire each year, in order to maintain a fresh approach to personalized retail marketing that focuses on details and execution. "Our customers are very educated about the product," he says. "They know the thread count of a fabric. There is a level of connoisseurship and we must provide the best of the best, whether it's jewelry, catering, wine or cigars."

Trunk Shows: From every vendor, Armani to Zegna. At least once a season, averaging about 25 per. Invitations are targeted to regular customers whose purchases are tracked on Mitchell's sophisticated computer system (see Technology). Each sales associate decides who receives the mailing and he or she includes a handwritten, signed note with each invitation.

Fashion Shows: Whether it's Zegna teaming up with *Vogue* on an in-store catwalk, or a simple cocktail party with informal modeling, Mitchells customers are treated to a preview evening each season.

Parties: From wine tastings to galas like Richards' grand opening, which featured a performance by Aretha Franklin and Cirque du Soleil performers at the customer preview, Andrew ensures that the Mitchells are the hosts with the most entertaining events for customers. At a recent Hugo Boss party at Richards, the place was rocking into the wee hours, courtesy of Marty Staff and the '70s party band Boogie Nights, not your typical Greenwich-style soiree.



"IF YOU
DON'T
ASK,
YOU'LL
NEVER
KNOW. I
LEARNED
THAT FROM
MY GRAND-
FATHER."
—ANDREW
MITCHELL



Scott Mitchell: Ladies' Man

Ask any Mitchell where the greatest area for growth lies and you'll get the same answer: women's. Mitchells took on women's lines about four years ago, but the real story is at Richards. Scott Mitchell worked for Abercrombie & Fitch and Eddie Bauer before joining Ann Taylor for two and a half years in order to learn the ladies business. "No one [in the family] was interested in women's and I developed a passion for it," he maintains, noting that Mitchells bought Richards six years ago and doubled the business in three years.

Women's business is dictated by exceptional service balanced with a merchandise mix that both mirrors Mitchells/Richards' men's

assortments (with Armani, Agnona, Loro Piana, Ralph Lauren, Barbera and Kiton) and diverges from them. The women's assortment is decidedly more fashion forward than men's—something Scott Mitchell says is based on customer demand. "A woman has many different aspects of her wardrobe," he maintains. Thus, Prada and D&G basics share the floor with Moschino, Chloe, Dries Van Noten and Alberta Ferretti. As Scott explains: "Men wear one [designer] or the other, but a woman will buy Armani, D&G, Moschino and Escada."

Linda Mitchell, VP women's merchandising for both stores (and Jack's wife), joined the family business 11 years ago at the prodding of her sons. (She graduated Phi Beta Kappa with a degree in physics so it was a switch.)

"Fashion should never be boring," she asserts. "Each buy should represent the designers' vision for the season, yet be edited to meet our customers needs," she says. "We need



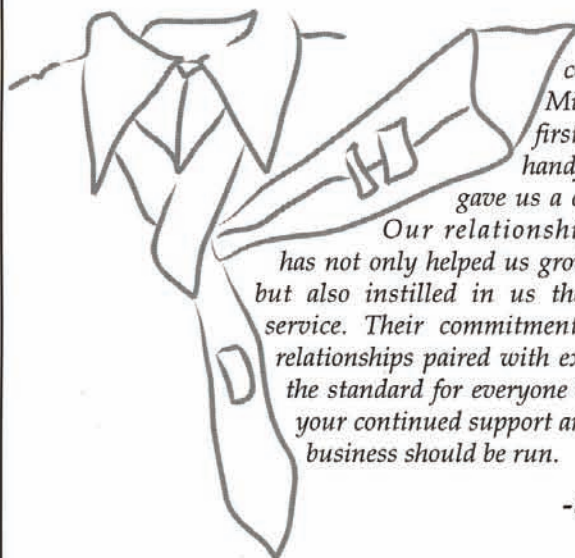
to represent the best of what is offered and encourage our customers to experiment. We are always looking for freshness. We take on a new designer when they fill a niche that is not covered in our current mix."

At the top of Richards' ornate "stairway to heaven" resides its women's floor, which occupies 9,000 square feet (not counting the 1,000-square-foot Hermes shop on the first floor). The staff comprises eight sellers and a manager. This includes a full-time seller dedicated to 50 clients who shop Richards by appointment. They are catered to on an individual basis in a large, flower-filled VIP room where they can relax with a glass of wine on a chaise or have lunch brought in. It's all part of a sumptuous shopping experience dedicated to each woman's personal wardrobe needs.

Says Linda: "The current challenges for both stores are to keep fashion fresh and exciting, to continue our growth and to convince the men to give us more floor space."

For Scott the real test is differentiating Richards from nearby Saks Fifth Avenue and Neiman Marcus—while pleasing an eclectic customer base. Despite the fact that those stores have area exclusives with lines like Tods or Gucci shoes, Linda and Scott are able to find suitable alternatives for Richards with designers such as Rebecca Moses, Michael Kors and Escada. "We can't be everything to everyone. We're not a Barneys pushing fashion," Scott explains, adding that at Richards, women's is a work in progress. Lines like D&G, Celine, Lambert Truex and Valentino have been added while St. John and Calvin Klein Collection have been dropped. "We're conservative but we change a lot because that's part of the business," he notes.

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Our relationship with Mitchells/Richards has not only helped us grow our business nationwide, but also instilled in us the importance of customer service. Their commitment to building outstanding relationships paired with exceptional products, has set the standard for everyone in the business. Thanks for your continued support and teaching us how a family business should be run.

-Shep & Ian Murray

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Selling Savvy



Ed Schachter, former owner of Richards, unofficial part-time sales associate and good will ambassador: "Tomorrow is my 70th birthday, and while I play tennis three times a week and golf twice a week, nothing

makes me happier than being in this store on Saturdays. What am I doing here? I find 10 people who might need a little extra attention and I do just that! And in the process, I see many old friends—customers and sales associates who have been working here a long time: Frank for 37 years, Janet and Mary for 25, Larry for 12...

"You know, when I sold my business to the Mitchells six years ago, it was less about money and more about finding people with the know-how to carry it forward. And I found them."



Robert Harcarik: At Mitchells for eight years, Robert reps Armani and sells the entire store. He's been in retail for 30 years, first at a local mom-and-pop shop, and then with

Barneys in Westport. "They let me run my business like it's my own," he says of the Mitchells. "There's nothing I can't do. I have total freedom within the confines of the organization." That includes opening the store for Robert Redford in the middle of the night. And if he hadn't gone into retail what would he do for a living? "I'd be doing landscaping, but I'd look good doing it."

Mark Taylor, has been in retail for 16 years with J. Press and others. Best anecdote: "The vice chairman of a large PR firm bought three shirts from us for an important trip to London," he says. "While there, he was hired to run another prestigious firm. The British press (bless them!) make a habit of not only profiling new executives, but critiquing them as well (much in the same way *People Magazine* rates movie stars' attire on Oscar night). The verdict, in an article faxed to Taylor: 'Lousy suits—great shirts and ties.'"



Belinda Cole, sales associate at Richards for the past year, (formerly Neiman Marcus): "I loved working at Neimans and there was no way I was ever going to leave. But as soon as I met the

Mitchells, something just clicked. I felt immediately part of their family," she says.

"But most important to me, I am able to give my clients so much here; I have the tools to do my job the way I need to do it."



Joe Cox, manager at Richards for five years, he formerly headed up his own family store in Rye. "The Mitchells recognize that the best way to keep their customers happy is to keep

their sales associates happy," he says. "They are smart, honest and fair, and they treat us really well. Because they allow their employees to make a living, this store has attracted a wonderful mix of sales associates who are all pros. You can trust that any sales associate will be comfortable dealing with any customer, whether a \$50-million-a-year corporate executive or a famous celebrity."

"The Mitchells encourage us to get to know and profile every customer. This is not something I did a lot of in my own business; I was much more concerned with the transactions. Here, the job is more interesting because the people count more than the clothes. And once you get to know them, everyone has a story!"



Joe Deufemia, sales associate at Richards for six years, he formerly worked at Family Britches in Chappaqua. "Working here often feels more like a party than a store: Someone is

wearing a great sportcoat, someone else comes in and wants something similar and it's contagious!" he explains. "Before I sell anything, I make a friend. For example, I recently called a customer who has a small

ad agency in the area and invited him to come in to look at the new fall clothing. He told me the market is down, business is tough and he just doesn't have that jingle in his pocket. I assured him that he can come in whenever he feels up to it. But sure enough, the next Saturday, the guy showed up, explaining that since I was so nice to call, to ask about his family, his golf game, whatever, that he just wanted to stop in... P.S.-he bought a very expensive sportcoat!"

Biggest sale: \$30,000 last September. "The guy bought some Brioni, Zegna, Zanella; it was a good one."



Frank Gallagi, Richards sales associate for 37 years, he's still friends with former co-worker Matt Lauer. When Lauer worked at Richards, the two devised a system of signals so that Frank could help Matt, who

is color-blind, match up shirts and ties.

"The new store took a little getting used to at first but the customers are getting used to it and it's turned out to be a blessing," Gallagi says. "The parking, for one thing, is fabulous! And it's now so much easier to match up outfits with everything so spacious and out in the open."

"What I still like best about my job is talking to people from all over the world. And what I'm really excited about lately is our suit business, which is up about 30 percent. It's a real comeback for tailored clothing!"



Anthony Renzella, has worked part time in women's shoes at Mitchells for five years. He is an 18-year alumnus of his own family's retail business, The Fairfield Store. "We were

Bloomingdale's and they were Neiman Marcus," he says, referring to his former competitor. And what does he love best about the job? "The Family Mitchell," he states, "because they are a very caring family. They understand and they allow for the human condition."

Market Insights

Richard Cohen, Zegna: It sounds simplistic, but their number-one asset is that they care—about their customers, their vendors, their staff, their family. And they take the time all the time to let people know how much they care. Most important, this caring is genuine: It's in Jack and Bill's character; it's who they are.

Their number-two asset is that they listen—to anyone and every one, from customers to vendors to staff.

Number-three asset: They're decisive. Once they listen, they act.

Allan Ellinger, MMG: I don't know another family-owned business that's as well-run and profitable as Mitchells/Richards. It's the perfect balance between creative entrepreneurship and structured corporation. They've created an atmosphere where family members complement rather than compete in talents and contributions, and amazingly, there seems little jealousy among them. They claim to have no organizational chart but the lines of authority are clearly understood. And their pyramid is reversed, with the customers always on top.

Bob Wichser, Joseph Abboud: The customer is always right; the customer comes first—the Mitchells wrote the book on customer service. But what really sets them apart are an honesty, a fierce competitiveness, and a constant desire to do things better.

Steve Weiner, Hartmarx: No one deserves Retailer of the Year more than Mitchells/Richards. Their attention to service goes well beyond any other store—both personally and technologically. Their thorough knowledge of their customer combined with their fairness toward both employees and vendors is a winning formula.

Roger Cohen, Corneliani: With the Mitchells, it's all about hugs. Nobody does it better!

Joe Blair, Individualized Shirt Co: We do 400 trunk shows a season and I can tell you that no one does it better than Mitchells/Richards. They plan a calendar of events a year in advance and then promote events with swatch mailings and some kind of incentive (this year it was buy four shirts and get the fifth free) in addition to incentives for the sales associates to win free shirts. They know how to create excitement in the store, and these days, nothing happens without creating excitement.

More important, the Mitchells are truly in touch. I did my first trunk show with them 21 years ago and Jack and Bill were on the selling floor waiting on customers; look around today and Jack and Bill are still on the selling floor, along with five other Mitchells. Plus they treat their vendors as well as they treat their customers.

Martin Bradshaw, Canali: They do business the old-fashioned way: They cross their T's and dot their I's, and they never forget who brought them to the dance. In other words, they value their customers—big or small. At their stage of success, it would be easy to sit in their ivory tower (or on the golf course) and let their employees sell the suits, measure the cuffs and explain why the shirt shrank...Instead, these guys roll up their sleeves and continue to work very, very hard. And this serves to instill these same values in their employees.

Most of all, they are nice people and a pleasure to work with. They bring a certain level of respectability to this industry...

Crit Rawlings, Oxxford: Their marketing approach and attention to detail are second to none.

Luciano Moresco: They're masters at maintaining relationships with both their customers and their suppliers. What's more, despite the fact that I do very little business with them at the moment, they always shop the line. In fact, between Bob, Jack and Dan Farrington, they really cover the market, extracting key elements from different collections for the best possible mix. They are great people.

Marty Staff, Hugo Boss: I love that they have their family roles reversed: Jack's the father who behaves like a kid, and Bobby's the kid who behaves like a father! Even better, they're the only retailers in America who are able to communicate telepathically!

Massimo Bizzocchi, Kiton: I respect and love the Mitchell family. As business people, they are able to think globally but act locally. What's more, their philosophy of hugging people is a very Italian sentiment.

David Shelsky, Cousin Johnny: They know their customers and are willing to push the envelope, maybe too much sometimes, but they understand the need to evolve. And they have.

Paulette Garafalo, Hickey Freeman: Aside from the obvious facts—their closeness to their customers and their appreciation for aesthetics—I think the real secret to Mitchells' success is their values. Ed Mitchell obviously passed along very strong values to his sons who passed them along to theirs. These kids are not spoiled, they work very hard and they seem to make decisions together as a team. As people, as human beings, they are top class, so their vendors want to help them succeed.