

# WWD Milestones

A Supplement to WWD



## MITCHELLS AT 50

The first family of specialty retailing celebrates a half-century of excellence

# How Mitchells Became a Retail Legend

The country's leading specialty store retailer celebrates its journey from \$65 suits to Armani and Zegna

BY JEAN E. PALMIERI

The watercoolers in Westport, Conn., must dispense Kool-Aid laced with Red Bull. That seems like the only logical explanation for the boundless energy and unbridled enthusiasm that permeate every fiber of every person who works at Mitchells.

That same *joie de business* has transferred over to the other two stores in the company stable—Richards of Greenwich and Marshs of Huntington, N.Y.—and led to the company's unparalleled success, something along the lines of \$100 million in annual sales.

Mitchells' enviable position at the forefront of specialty retailing in the U.S. is a far cry from its humble beginnings 50 years ago. It was in 1958 that a case of ulcers prompted patriarch Ed Mitchell to ditch the corporate rat race and open a men's apparel store. The original idea was to relocate to Florida, since it was less hectic than Connecticut and would make for better quality of life.

However, just before the family packed up and made the big drive down south on I-95, Ed's wife, Norma, suggested he consider opening the store in Westport, where the family had deep roots and which lacked any true men's wear retailer.

Ed acquiesced and soon signed a lease for an 800-square-foot space in what had been the display area of the Dickson Plumbing & Heating building on Post Road and North Compo. And so with little fanfare, Ed Mitchell opened its doors.

"When the store opened, there were a few dozen shirts, some socks, a couple of sweaters and a few ties," Ed's son Jack, chairman and CEO, wrote in his book, *Hug Your Customers: The Proven Way to Personalize Sales and Achieve Astounding Results*. "Plus exactly three Doncaster suits, the brand Dad created for the store, priced

at \$65 a piece. A size 40 banker's stripe, a 43 navy blue and a 42 charcoal gray."

That may be hard to believe given the Armani, Zegna and Brioni suits and Valentino gowns that now don the marble floors of the tony retailer. But while the assortment may have changed dramatically, the hallmarks of the business remain the same: superior customer service and a family entrepreneurial spirit that connect as well with customers today as they did a half-century ago.

"Nothing has changed but the scale of the business," says co-president Russ Mitchell, Ed's grandson, Jack's son and the third generation to helm the store. "We win or lose on whether the local people like shopping here. We provide the same experience as my grandfather did—people liked and trusted him. They come here, by and large, because they like the experience."

"We're honored by the legacy," adds his brother Bob Mitchell, the other co-president and another of Jack's sons. "The foundation of a business is the hardest part to build. But that's what gave us the platform to grow as much as we have. We recognize, acknowledge and appreciate that legacy from a business, community and family perspective, but we also realize the energy and ideas that have been enhanced by the addition of the third generation."

In the beginning, Norma handled the books and Ed served as salesman, buyer and janitor; Ed's mother, Gertrude, was the tailor and seamstress. Calling his father the "original hugger," Jack wrote: "The coffee pot was always on—still is. I guess the place was about as homey as you could get." It did \$50,000 in volume its first year.

Ed's son and Jack's brother Bill, currently vice-chairman, was the first family member to join the business in 1965, followed by Jack in 1969, the same year the store expanded into women's wear. In 1979,

after a series of expansions, Ed Mitchell moved to its current space at 670 Post Road East, which today is 33,000 square feet.

To reflect its growth, the company changed its corporate name in 1993 to Mitchells. Two years later it expanded its

Ed's coffee tradition continues to this day.



The current captains: Bob and Russ Mitchell



naut for at least five years before becoming part of the team. "They weren't entitled to a job just because their name was Mitchell," Jack has said.

The first to join was Russ in 1990. After spending five years in sales at IBM, he came into the business as CFO to handle the financial end. Bob joined the next year as vice-president of merchandising after working at Malouf's in Lubbock, Texas; Norton Ditto in Houston; J. Schoeneman; and *Sports Illustrated*.

In 1994, Jack's son Todd joined the firm from Apple to help Russ with the administrative duties at the new store. Scott, Bill's son, came on board in 1998 after stints with Abercrombie & Fitch, Eddie Bauer and Ann Taylor to manage the women's business in Greenwich.

Andrew, Todd's twin, joined in 1999 after working in marketing for Godiva Chocolatier to take over the marketing and advertising for the stores. Bill's son Chris joined in 2003 and now manages Marshs.

"It's the great natural cycle of the business," says Bob.

In the years since Bob and Russ have been with the company, the growth has

PHOTOS BY DAN DERRICO

## MITCHELLS MOMENTS

1958

Ed Mitchell is founded in Westport, Conn., by Edwin and Norma Mitchell with three men's suits, a coffee pot and big dreams.



Mitchells moves to new property at 240 Post Road East, in Westport.

1963

Son William E. (Bill) Mitchell joins the business.

1965

Son John R. (Jack) Mitchell joins; women's apparel added.

1969

Ed passes the torch, and equity, to Bill and Jack.

1972



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been substantial. "Mitchells has grown tenfold since we joined," Russ says. "We've experienced rapid growth while we've been here. The company that exists today has been enormously influenced by this generation."

Although the growth has been exponential, he stresses that it has also been "very measured. We've never had a down revenue year since we joined."

On the merchandising end, the "new set of eyes on the merchandising" has been instrumental in the growth of the luxury end of the business. Significantly expanding women's wear at Mitchells in 1993 also changed the complexion of the store, as did the addition of Richards. "These were all calculated moves," Russ said.

It also helps that the Mitchells have been blessed by calling Westport home.

**"We've got to perfect the experience. We want to be around for the next 50 years. The retail environment is littered with people who expanded too fast. We believe in growth through better execution." —Russ Mitchell**

According to Westportct.gov, it has a total population of just under 26,000 with a median household income of nearly \$120,000 and a median family income (defined as two or more people living together) of nearly \$153,000 a year.

"In the nearly 20 years we've been here," says Russ, "Westport has about the same number of people. There's been no net population gain, so we have to do more business with the same people."

In the early days, Mitchells' business centered on the sale of primarily dark suits. "It was the traditional body covering for men," says Russ. "Now our scope is much wider."

Bob adds: "We're getting more of their closet share by selling women's, jewelry, shoes, etc. If you look at the number of suits we sell today, it's probably less than it was 20 years ago, but we're doing a better job selling other things."

In fact, those words are indicative of the growth strategy employed at the company. "We're not immune to competition," says Russ, pointing to Barneys, Saks, Neiman Marcus and other luxury retailers who operate stores within their trading areas. But that hasn't pushed the Mitchell family to make any rash decisions on the expansion front.

"The national first reaction of retailers is to add more units and more growth," says Bob. "But we think our best opportunity is to grow in our existing stores."

Russ adds: "There are still a lot of potential customers in our communities. We're not getting the complete share of closet."

Beyond that, the primary opportunities, they say, are the continued expansion of the women's business—which recently sur-

passed men's in terms of sales at the stores, about 55 percent to 45 percent—as well as jewelry and "a broadening of price points" that will involve more opening-price-point merchandise.

Until the economy improves, Mitchells will invest in renovating its existing units and enhancing its partnerships with its vendors "to position us to grow when the economy starts humming again," according to Bob.

"And we've got to perfect the experience," Russ says. "We want to be around for the next 50 years. The retail environment is littered with people who expanded too fast. We believe in growth through better execution."

Bob agrees: "That's our competitive advantage—being close to the customer." Russ said that because the company owns



Richards' sweeping staircase at the Greenwich store



Jack and Bill Mitchell were stewards for 30 years.

operate four more Vineyard Vines stores: Westport; Ocean Reef in Key Largo, Fla.; Edgartown, Mass.; and Georgetown, Washington, D.C.

"We want to grow and not set ceilings," Bob says. "We have to figure out how to do more and do better. We know we'll never get comfortable and coast. In fact, this is the time to take market share from people. Because of Russell's organizational and financial skills, we're better positioned for the future."

Russ shrugs off the compliment, pointing to his brother's skills in merchandising as key to the company's recent success.

This yin and yang between the two stems from a lifetime of brotherhood. Born two years apart, they went to the same high school and college, played sports together and were in the same fraternity. "We both respect and acknowledge each other's strengths," Bob says. "With us, one plus one equals five."

Russ notes: "It's very rare that we don't know how the other one will answer a question. We normally agree, which is good, because if you have two people running a company who don't agree, it wouldn't work."

One of the amazing things about the Mitchells operation, however, is that even when they're not family members, the people who work there are of the same mindset. A visitor can talk to anyone from top sales associates, such as Richards' Frank Gallagi or John Hickey, to Mitchells' 49-year-veteran and oldest employee, tai-

its own real estate, which is "also an enormous competitive advantage."

That's not to say the Mitchells are not always looking for other potential additions to the stable. "If you project 10 years out," Bob says, "there will be more units, but it'll be measured."

In fact, with the environment as tough as it has been lately, retail competitors approach the family all the time about selling to the Mitchells, the co-presidents

acknowledge. "But we have to make sure the potential of the market is big enough to throw our brainpower and resources at it," Bob says. "It has to have the potential for at least \$10 million in sales."

In addition to its three stores, Mitchells has a deal with Vineyard Vines, another family-owned Connecticut company, to operate several units around the country, including one up the block from Richards on Greenwich Avenue. The Mitchells





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## MITCHELLS AT 50 *The Backstory*

lor Dominick Condoleo, and the message is the same.

"They're the people who touch the customer," Russ says of the staff, a group that is at the center of Jack's latest book, *Hug Your People*. "We believe the interaction with the customer is the essence of what we're about. It's all based on us empowering them."

Bob adds: "The really important thing in our culture is that we're a principles-based company. We have only one rule: If you steal, you're fired and prosecuted. But beyond that, we believe in the flexibility of scheduling and treating everybody like family. We try to create a flat organization so that people feel included. There's no bureaucracy here."

Russ notes: "There's no pre-set model, but if you're not passionate and enthusiastic about the business, you won't last." "Positive energy produces positive results," his brother says.

John Hickey, now the store's top men's wear salesman, has been with Richards since 1978; in fact, his father had worked for former owner Ed Schachter. It was at Richards that he learned "how to treat the customers and make them feel like they're in our home. We've been hugging our customers forever. So many clients are really good friends. When they come in, they say they're going to see John. [That closeness] is the one thing that separates us from everybody else."

When the Mitchells bought the business, Hickey said he was apprehensive, but "they were smart enough to embellish it, not change it. All of them are so respectful and appreciative of what we do. They coach us and it keeps us going. It's been such a home run."

Frank Gallagi, another super-salesman at Richards, feels the same way. A 43-year Richards veteran, Gallagi says the acquisition "worked out to be the best thing. They're phenomenal, wonderful people. We work 'with' them, not 'for' them. They're very family-oriented and they want you to take time to be with your family. It's not all business."

Dominick Condoleo, who manages Mitchells' tailor shop, says: "They have a very unique formula that makes people want to do things. Nobody forces you, but they empower you, and with empowerment comes responsibility."

With employees like these, it's no wonder Mitchells has managed to survive and prosper. It was also the reason the business was chosen as one of the featured companies in a one-hour documentary that will be aired on PBS in New York this fall. Based on a book titled *Leading With Kindness* by Bill Baker, the film profiles five firms deemed great to work for because of their culture, explains Gino Del Guercio, producer. In addition to Mitchells, by far the smallest, the others are Pitney Bowes, Google, the Juilliard School of Music and Eileen Fisher.

The Mitchells segment tells the company's story from the perspective of its



**"We're honored by the legacy. The foundation of a business is the hardest part to build. But that's what gave us the platform to grow as much as we have." —Bob Mitchell**

owners and employees. "They're going to be one of the best profiles," Del Guercio says, "because of the passion you find in the people who work there. They really care about everyone. They're so warm and welcoming. It's so easy to be jaded, but what they're doing makes sense—business sense."

But maintaining a family business through a number of generations also takes a certain skill set. In the case of the Mitchells, it was Ed who set the precedent

by transferring equity to Jack and Bill in 1972. Although Ed remained a part of the business until his death, it was his sons who ran it. Jack and Bill did the same thing after their children came into the fold.

According to a case study by Amy Edmondson and John Davis of the Harvard Business School, "In 1991, Bill and Jack gifted 75 percent of the business to their seven sons. In 2006, they would pass the remainder of their ownership to their sons. Jack's four sons would then each

own 12.5 percent (up from the 9.4 percent they owned previously) of the business and Bill's three sons will each own 16.7 percent (up from the 12.5 percent they owned previously)."

Although Bill and Jack no longer have a stake in the business, they're both still active. In fact, Jack is a fixture on the sales floor on Saturdays with his tape measure draped around his neck, while Bill is a familiar sight on the charity circuit, cementing the company's standing within the community.

## The Maitre d': 'What Worked...Still Works'

**Bill Mitchell aims to give customers "a sensational experience" when they walk in the door**

Known internally as "Mr. Westport," Bill Mitchell, vice-chairman, may have recently passed ownership to the next generation but he still acts as one of the store's primary ambassadors, both on its sales floor and within the community.

"I used to have a drinking problem," he says in his distinct, gravely toned voice. "Eighteen years ago I went to AA and I haven't had a drink since. And I speak this way because I had a perforated esophagus. Because of those two experiences I try to give back to those less fortunate."

Bill says it's not uncommon for him to be out three to four times a week at charity-related events. Some of these are private, or "under the radar," as he puts it, but others are bigger and more visible, such as the company's annual fundraiser for Near & Far Aid, a nonprofit organization that raises funds for programs that address the causes and effects of poverty.

Beyond that, Bill also serves as the self-described "maitre d'" of the flagship Westport store.

"It sounds simple, but I love people," he says. "I like coming in early. I run a few seminars in the store about keeping the Mitchells experience [consistent]. I've been doing this [job] 43 years with kindness and niceness. What worked in 1958 still works."

Calling this his "major contribution to the business," Bill is passionate about giving customers a "sensational experience" when they walk in the door. "Our customers are at the top of their game, so we've got to go beyond just giving great service. If we do that, they're going to come back."

And if a visitor leaves the store without buying, Bill isn't shy

about inquiring as to the reason. "I do the exit interviews," he says. "I ask them what we did right and what we did badly. It's not the mistake—it's what you do with the mistake that matters. You only have one shot with a first-time customer."

Bill says that although the merchandise has evolved over the years, "the culture of our family business is what's made the difference in our good fortune and our luck."

Noting that "92 percent of all third-generation family businesses go into the tank," Bill is determined that his company not become one of the statistics. "Family harmony is at the top of the list. What can break a business is if our family breaks apart."

But by the same token, any Mitchell seeking to come into the business is held to a certain standard, and must prove him or herself before being allowed to enter the ranks. "I'm worried about our business and our country," he says. "There's such a sense of entitlement out there today. In my opinion, nobody is entitled to anything. We're lucky and blessed to have what we have, and we need to remember that." —J.E.P.





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Bill notes: "Jack and I turned over the reins to the kids and we feel good about it. But the kids don't want us to go away. They still ask our advice and that feels great."

Jack adds: "What I've picked up over the years is that [sometimes in a family business] the older ones meddle. I look at it as checking in, not checking up. We desire the business to go forward, so we're responsible for passing on the principles. Dad was a great role model. He passed the mantle and we kept him informed. [Bill and I] may not own any of the business anymore, but we still feel like owners."

His brother jokes: "My kids say: 'You own no stock and no real estate. So it's just day-to-day.'"

Bob and Russ say they welcome the continued involvement of the two older men. "We want them to be active and play a role," Bob says. "They don't meddle or second-guess."

That's key to the seamless transfer of power and is one reason the Mitchells have managed to avoid the pitfalls that often demolish other long-standing family businesses.

To help it negotiate any potential problems, the company belongs to two industry organizations: The Forum Group and the International Menswear Group.

The Forum Group, which includes about a dozen of the country's top specialty retailers, started in 1940 when a group of men's wear retailers got together on the train from Chicago to the New York market to sip bourbon, play cards and indulge in a little shoptalk. Although the store names have changed, the group still meets for several days twice a year to discuss tough issues and lay bare the most intimate information about their retail operations—everything from gross margins and occupancy costs to personnel and personal salaries. For this elite fraternity, only one subject is off-limits: the deals they negotiate with their vendors.

The makeup of the IMG is very similar. Also about a dozen stores strong, this group boasts the finest family-owned men's and women's apparel stores in the world. It was founded in 1958 by legendary European retailer JBWA Giesbers of the Netherlands, who established a small core of the top men's wear retailers in Europe that has expanded to a dozen countries around the world, including Australia, Canada and the U.S.

"In addition to merchandising ideas, we share financial information, cash flow and profitability figures," Jack explains. "The only thing we don't share is the relationships we have with our vendors. And although we sign a confidentiality agreement, there is a spirit of openness and not one of competitiveness. That's why there's only one retailer per country in the group."

It also helps that the Mitchells employ an outside consultant to head off any potential problems.

According to the Harvard case study: "[Bill and Jack] engaged a family business

consultant [in 1985] to help them create forums for family discussions and maintain effective communication among family members. Bob reflected on the complications of family communication in business: 'Feedback is not something you're used to getting and giving as a family, but constructive feedback, when you get used to it, enhances the business and the family. The two keys [to healthy family companies] are communication and empowering the next generation. We have to continue to do that.'"

Add to that the guidelines that Jack and Bill set into place to "safeguard the professional management standards of the business," according to the case study, and it becomes clearer how this unique situation works. Those guidelines include the rule that each family member must work somewhere else for at least five years in a job that matches his "skill set, expertise and experience."

Weekly meetings are also held every Tuesday morning and there's a family council that includes everyone over the age of 14. This group, which includes spouses and children, gathers three to four times a year to discuss the "state of the store" and encourage bonding. "So many family stores come apart when the

family comes apart," Bob says.

Additionally, an advisory board was created in lieu of a board of directors, the case study notes, and it has met quarterly since 1989. Its outside members, which include executives from various industries, "sound out strategic business decisions and impart a sense of business discipline to the organization," the study says.

"It includes all active Mitchells and four outside people," Bob says. "It forces some discipline. We have over 300 people working here, so we take it very seriously. We're not just doing this because it's fun to sell clothes."

In an interview, John Davis, faculty chair of the Families in Business program at Harvard Business School, says he chose the Mitchells to use in his course materials because they are a "very good illustration of the things a family can do right to keep their business going."

So many family businesses can "manage through the first two generations very well," but after that, it can get a bit dicey. "In any



business, long-term success depends on having a culture and employees who buy into the principles and practices, and hold themselves to very high standards," Davis says. "The seed is implanted by the family, but as they get bigger, you hope that the values and principles can be maintained."

However, he raises the question of whether the Mitchells can continue to maintain the momentum as more and more family members come on board and the corporation grows. "The interesting question is: How long can it be sustained?" Davis says. "What is the trajectory of the business? Do they look into different markets or keep the business sized just for the family? That's for them to decide as is what the ownership should be in the future. Should everyone stay involved? Those are the questions the family has to answer." ■

## The Author: Passing On the Principles

Jack Mitchell's second career is a natural extension of his first

Five years ago Jack Mitchell, CEO, put down his tape measure for a while and picked up a pen. The result was a business book called *Hug Your Customers: The Proven Way to Personalize Sales and Achieve Astounding Results*, which chronicles the growth of the Mitchell chain and lays out the primary reason for its success: hugging the customers, or Mitchell's metaphor for "showering them with attention." From literally giving a customer the Hickey Freeman blue cashmere coat off his back, to the phone that rings after-hours in a Mitchell family member's home when a customer has a crisis, the Mitchell clan will do anything it can to please its shoppers.

Jack took it one step further earlier this year with the publication of the sequel: *Hug Your People: The Proven Way to Hire, Inspire and Recognize Your Employees and Achieve Remarkable Results*, an ode to the company's sales associates. That book provides the tools that companies need to create engaged and enthusiastic employees. For Jack, this boils down to five key doctrines: "My guiding principles are to be nice to them, trust them, instill pride in them, include them and generously recognize them," he writes. "People spend more time at the office than at home and want to feel personal and professional satisfaction. They want the opportunity to grow to improve themselves. They want to be recognized and to feel they have a sense of purpose at work."



Saying that the books have "re-ener-

gized me," Jack still feels like an "important piece" of what makes Mitchells tick.

"I really see a link between the books and the business," he says. When he's not on TV or traveling to promote the books, Jack can still be found on the sales floor. "My brother Bill is Mr. Westport, so I'm more at Richards. I'm the team captain of the sales team there. I have the best job in the world. Mondays I'm at Mitchells, Tuesday through Friday I write or give speeches, but Saturday is sacrosanct. I want to be on the floor."

Although ownership of the stores was recently transferred to the third generation, Jack doesn't feel out of the loop. "With today's technology, I'm able to stay informed."

The older Mitchells don't regret for a moment passing their stake in the business to their sons. "I was 30 or so when my father transferred control to us," Jack says. "We desire the business to go forward, so we're responsible for passing on the principles. Dad was a great role model. He passed the mantle and we kept him informed. I may not own any of the business anymore, but I still feel like an owner."

Looking ahead, Jack says he plans to continue selling and writing. "I'm definitely going to write the family business book, 'Hugging for Life.' I think it could be commercially good." —J.E.P.



Jack Mitchell

<p>Russ Mitchell and Bob Mitchell become co-presidents of Mitchells/Richards.</p> <p><b>2003</b></p>		<p>Mitchells/Richards acquires Marshs men's store in Huntington, Long Island. Chris Mitchell moves to Huntington to co-manage the store with Ron Marsh.</p> <p><b>2006</b></p>	<p>Grandson Tyler Mitchell joins the business as VP and men's furnishings buyer.</p> <p><b>2008</b></p>
<p><b>2002</b> Major interior and exterior renovation is completed for Mitchells, adding Hermès and Giorgio Armani Black Label shops. Significant expansion into fine and designer jewelry. Chris Mitchell joins as men's VP team leader in Westport.</p>	<p><b>2005</b> Marshs completes interior and exterior renovation, adding women's. Forms partnership with Vineyard Vines to operate freestanding retail locations.</p>	<p><b>2007</b> Mitchells celebrates its 50th year in business.</p>	<p><b>1958</b> 50th Year of Business</p>



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# Partners in Prime

Mitchells' strategy involves luxury, loyalty and lots of "hugging"

BY BRENNER THOMAS

Want to sell to Mitchells? Get in line.

The family didn't become sultans of luxury retail by writing paper for every cashmere-wielding start-up. The stores' buyers are careful about whom they bring into their space, in part because they have high standards for quality and originality, and are committed to avoiding redundancies in their mix.

They're also fiercely loyal to their vendors. In a retail environment that often feels adversarial (chargebacks, anyone?),

Canali's top accounts. "They are well known for this approach to their customers, but it applies to their vendors as well."

For instance, the company supported Canali as the brand extended beyond tailored clothing, absorbing new categories—including sportswear, accessories and furnishings—into their assortment as the Italian label grew.

With Zegna, the three stores' best performer, the merchandising team has worked closely with the brand to develop product. Mitchells helped develop the label's outerwear line, Elements, and also



the Mitchells approach their vendors with the same open arms that have made their customer service famous. Call it hugging your Giorgio Armani.

"On top of our requirements for exclusive product and margin opportunity, a new line cannot be a duplication of something we already have," says Dan Farrington, the stores' GMM of men's. "It's not fair to our current vendors. We are not about having one line one season and throwing it out the next."

What they are about is building long-term partnerships with the makers of high-end suits and sportswear that supply their store. Ermenegildo Zegna—Mitchells was among its first customers in the U.S.—has sold to the stores for nearly 20 years; Canali, distributed in the U.S. since the early '80s, has been with the Mitchells stores for 25 years.

"They have a human touch," says Giorgio Canali, president of the brand's U.S. operations, adding that the stores rank among

had significant input on its range of luxury "upper casual" sportswear. "They have a great understanding of their customers' needs," says Robert Ackerman, Zegna's North American chief. "They have been instrumental in making suggestions to us."

The retailer also programs a full calendar of in-store events with its vendors and hosts an annual golf tournament for its partners. This year vendors will instead be fêted at a dinner that will kick off its 50th anniversary celebration.

The retailer's co-president, Bob Mitchell, explains: "The number-one thing for us is to try to drive as much revenue with our partners as possible. We're not looking to make major changes in our vendor mix. We want to work with partners who are responsible and good listeners; that's how we try to drive those businesses to be dominant."

No surprise, then, that the bulk of the stores' top 10 suppliers have partnered with the company for more than a decade, or that Mitchells' top 15 labels account for



Zegna is the company's largest men's vendor.



Other key vendors include Prada (left) and Loro Piana.

## Mitchells' Top 10 Men's Wear Vendors

(Ranked by volume)

Ermenegildo Zegna  
Canali  
Brioni  
Giorgio Armani  
Kiton  
Loro Piana  
Hickey Freeman  
Hamilton Shirts  
Brunello Cucinelli  
Polo Ralph Lauren

75 percent of its men's business.

But establishing long-term relationships doesn't mean the merchandise mix is stale. Vendors interviewed for this story all cited Bob Mitchell's relentless drive for



Dan Farrington

innovation and newness. He heavily edits the stores' lines, wins exclusives from vendors, and adapts the merchandising matrix and floor space as the market evolves.

Cumulatively, those changes have been considerable. Back in the '80s, when Mitchells was just one location, the store was a higher-volume, moderate-price retailer that specialized in lines like J. Schoeneman and a raft of private labels. Suits retailed between \$295 and \$495.

The ascent of the luxury market and Italian clothing brands in particular

Continued on page 12

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*Continued from page 10*

prompted the store to trade up over time. Today, the bulk of suits in the stores sell for more than \$1,000 with some reaching into the tens of thousands for the most exclusive cloths.

Classic Italian tailored clothing labels continue to be the stores' best performers (see sidebar), but shifts in men's dress opened the door for luxury sportswear brands like Brunello Cucinelli and Loro Piana. "They [Mitchells] represent our full collection now and do very well with the top of our offering," says Loro Piana's U.S. head, Pier Guerri.

Tailored clothing is still the anchor, comprising 50 percent of sales, and bolstered recently by a surge in made-to-measure orders.

But premium denim and contemporary sportswear, while still representing less than 10 percent of the volume, is growing as their customers' weekend dress evolves. Furnishings and accessories, including watches and weekend bags, are also driving growth. "As men's wear has become more segmented by lifestyle, guys are finally being educated about dressing for

particular occasions," says Mitchell.

The merchandise at the family's three doors also bears subtle differences. Richards' Greenwich location is driven by top-end merchandise and is more classic. More than one-third of the store's sales stem from luxury items.

"That's our Ferragamo tie guy," says Farrington. "Our Long Island store, [Marshs], has a faster sensibility. Etro is hotter out there than in the other three stores."

The family's eponymous Westport store tends to be more casual, he adds; Agave and weekend lifestyle brands sell well there.

Across all stores both Mitchell and Farrington agree that a revolution in fit is the next big push for their merchandise offering as the classic customer begins to test more contemporary models. "I see so many men in suits that are too big and baggy and too long," Mitchell explains. "Our push is getting the customer into new silhouettes and downsizing overall."

Always the savvy businessman, Mitchell notes there's opportunity in the trend too: "It looks great on them and provides a big opportunity to buy new clothes." ■



Hickey Freeman is Mitchells' top-selling American label.

# Family Ties

Natural collaborators, the founders of Mitchells and Vineyard Vines share similar backgrounds

BY GILLIAN KOENIG

**NEW YORK** — When Vineyard Vines cofounders and chief executives Shep and Ian Murray left their corporate jobs in Manhattan to start a small neckwear company on Martha's Vineyard 10 years ago, they had no idea that their little line of colorful, offbeat ties would grow into a \$60 million lifestyle brand, complete with a network of retail stores.

"We left the daily commute to New York City and our corporate jobs to pursue the things we love, and spread the island state of mind by making ties that represent the finer things that life has to offer," says Shep.

In 1998, with their day jobs behind them, the two brothers turned what had been a weekend-only concept of making neckties inspired by Martha's Vineyard into reality. They peddled their silk ties on Martha's Vineyard, sometimes off their boat and other times selling their product door-to-door.

One of the first accounts the duo landed off-island was none other than Richards, the renowned Greenwich, Conn., men's specialty store run by the Mitchell family. Ed Mitchell created his own success story when, like Shep and Ian Murray, he abandoned his advertising career in Manhattan to open a small men's specialty store in Westport, Conn.

Shortly after Richards began carrying Vineyard Vines, the Murray brothers, both Greenwich natives, began spending a lot of time at the store, learning the retail environment and observ-

ing firsthand the Mitchell family's superior form of customer service. "We started to feel like we were employees of the store," says Ian. "We learned about their work ethic and customer service, and we started having great trunk shows and really enjoying our friendship with the family."

Over the next few years Vineyard Vines expanded exponentially beyond its initial tie offering to include a full range of sportswear for men, women and children. The need for a larger space to properly represent the brand's complete collection quickly became apparent to Shep and Ian, who got on the phone with Bob Mitchell, the co-president of his family's company.



The Georgetown store opened in April.

"We said, 'We want to open a store in Greenwich, but we don't want to compete with you,' and they immediately said it was great idea and would help us any way they could," Ian recalls. "They had become emo-

tionally invested in the brand, in what we do, and both parties realized the need for a Vineyard Vines store—how and if we were going to partner was secondary." The strategy was simple: Diversify the Mitchells business a little bit, while Shep and Ian gained expertise and knowledge in the retail arena.

In September 2006 the partnership became a reality when Ian and Shep celebrated the debut of a 5,500-square-foot Vineyard Vines flagship store at 145 Greenwich Avenue with the Mitchell family. "There's a whole segment of people who wanted to buy this brand, but Richards was just not their shopping environment," Bob Mitchell told DNR at the time of the store's opening.

Fittingly adorned with lobster traps, fishing rods and a cash-wrap replica of Shep and Ian's boat, the store embodied the lively Vineyard Vines spirit and served as a template for future stores. "You get the same hospitality when you walk into a Richards or Mitchells, but the difference is you have Jimmy Buffett playing on the

*Continued on page 24*



The Westport store



# Oxford Clothes

HAND MADE IN CHICAGO SINCE 1916



**CONGRATULATES  
THE MITCHELL FAMILY  
ON THEIR 50TH ANNIVERSARY**

# The Mitchells Scorecard

A concise guide to which Mitchell does what



## 1<sup>ST</sup> GENERATION

**Ed and Norma Mitchell**  
founded the business in 1958.

## JACK AND LINDA MITCHELL FAMILY

## BILL AND SUE MITCHELL FAMILY

## 2<sup>ND</sup> GENERATION



**John (Jack) Mitchell**, CEO and chairman. Married to **Linda Mitchell**, GMM of women's merchandising. They reside in Wilton, Conn. Jack is responsible for overall strategy. Linda shares women's GMM responsibility with Ellen Finlayson and helps add a women's perspective to a male-dominated group. Jack is now a successful author and embraces people around the country during his book tours for *Hug Your Customers* and *Hug Your People*.

**William (Bill) Mitchell**, vice-chairman. Married to Sue Mitchell; resides in Westport. Responsible for keeping the customer number one. He is also active in civic and philanthropic endeavors for the company.



## 3<sup>RD</sup> GENERATION



**Russ Mitchell**, co-president. Married to Kathryn Mitchell; resides in Fairfield, Conn. Two children, Robert and Lauren. Shares responsibility of running company with brother Bob with a personal emphasis on finance, technology and store development.

**Scott Mitchell**, VP of sales for Richards. Married to Tara Mitchell; resides in Greenwich, Conn. Three children, Eleanor (Ellie), William (Will) and Lilly. The resident "ladies man" who has become the darling of the Greenwich scene by heading up the women's sales team there.



**Bob Mitchell**, co-president. Married to Karen Mitchell; resides in Weston, Conn. Three children, Lyle, Dana and Elizabeth. Shares responsibility of running company with brother Russ with a personal emphasis on sales and merchandising.

**Christopher Mitchell**, VP of sales for Marshs. Married to Allison Mitchell; resides in Huntington, N.Y. Two children, Hayley and Connor. Heads the effort to bring the Mitchells customer experience to the residents of Long Island.



**Todd Mitchell**, VP of sales for Mitchells and jewelry; resides in Wilton, Conn. Two children, Kathleen and Ryan. Company-wide driver of the growing jewelry business and heads the women's sales force in Westport.

**Matthew (Tyler) Mitchell**, VP of men's buying, furnishings; resides in Westport. Part of the men's buying team specializing in all the items for the well-dressed gentleman.



**Andrew Mitchell**, VP of marketing. Partnered with Isaac Namdar; resides in Stamford, Conn. In charge of carefully crafting the overall marketing strategy for the stores. He also throws great parties.





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TWO GREAT FAMILIES, ONE GREAT PARTNERSHIP.

KWIAT JOINS IN CELEBRATING MITCHELLS/RICHARDS ON THEIR 50TH ANNIVERSARY.

# The Family Counselor

Since 1970, consultant David Bork has guided retailers through the inevitable pitfalls of a family-owned business

BY ANDREW HARMON

Ever wonder on why so many fictional dramas center the machinations and personal conflicts of a family business?

Probably not. Even the most casual newspaper reader has scanned front-page headlines of spats among the powers that be in family-run companies—squabbles that have surely inspired dramatic gold for Hollywood screenwriters on shows from 1980s classics like *Dynasty* to prime-time hits du jour like *Dirty Sexy Money*. For more than a year, Viacom chairman Sumner M. Redstone's acrimony with daughter (and once clear-successor) Shari has been consistent fodder for the business journalists. Even the world of sweets is not immune: Observers say the \$23 billion proposed sale of candy maker Wm. Wrigley Junior Co. to rival Mars Inc. may be the only way to ease long-held tensions between majority shareholder and former CEO William Wrigley Jr. and other family members angered by his autocratic control of the company.

"By the time family issues hit the press, it's usually too polarized, unless you have people who are willing to come to the table," says family business consultant David Bork. "If you don't have fundamental, mutual respect, you're finished."

For family companies that haven't quite reached such impasses, Bork has long been a go-to mediator, from apparel retailers like Mitchells to multibillion-dollar conglomerates like Koç Holding, the Turkish company with subsidiaries in automobiles, appliances and other industries. These days Bork can more often be found on the seat of a titanium-frame bicycle than a boardroom chair, though the 71-year-old Colorado resident has racked up more than 400 businesses

as clients since 1970—largely before there was any literature on the psychology of family-as-business entrepreneurs. "There were very few people who consulted in family practice. David was really it," says Leslie Dashew, a partner in the Aspen Family Business Group that Bork founded in 1990. "He's perceived by our clients as our most trusted adviser, whether he is working for one of the top 10 family businesses or a small [client]. He's comfortable in any setting."

Whether it's a luxury retailer or a real estate group, family businesses inevitably encounter similar challenges. A father's unfounded favoritism for a particular child, a daughter's habit of delegating hot-button issues to her parents, even if she is supposed to be running the business herself: Bork asserts that these problems cannot be solved until the dynamics of family relationships are first addressed. Where some turn to lawyers, he turns to psychology.

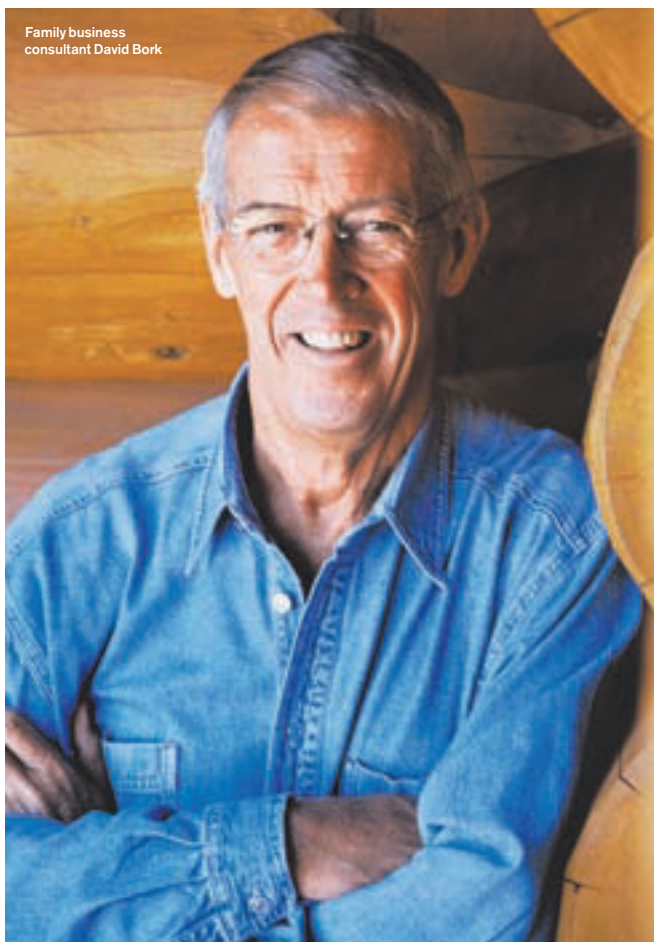
Jack, Mitchells' CEO, and Bill, its vice-chairman, who first hired Bork back in 1985, approached their business with different skill sets and contrasting personalities. "There's a reason why people refer to Bill as Mr. Westport," Bork says. "He's gregarious. He's the glad-hand guy. Jack is the details guy, the inveterate consensus builder within the family. The dynamics of your relationships will play themselves out in business ... and you can imply that's what happened to Jack and Bill."

Both, however, were committed to equal opportunity for their children. The Mitchells first had to address the interpersonal dynamics of their working relationship. To do this, Bork took Jack and Bill out of the store setting and off to a golf resort in Florida (they did not play golf, however). "It was the first of several critical 'off-store' meetings that helped Bill and I learn more about each other and develop a new level of mutual respect and trust with David's insights," Jack Mitchell says.

Working with the Mitchells over the years, Bork has implemented many of his core principles. To an outsider, some may seem like no-brainers: Two family members struggling with a conflict should resolve their problem directly rather than roping in a third party to gossip and vent. Oral decisions on employment policy should always be put in legally binding writing. Once you forge an agreement, stick to your plan.

Other principles can be harder to swallow. For instance, no family member is automatically entitled to a position. Bork recommends that all prospective employees work outside of the company for three to five years in order to prove themselves. In some family situations, he also advises that sons or daughters should have been promoted at least twice in their outside jobs in order to be considered for positions within the family business.

Family business consultant David Bork



## Bork's Family Business Rules

- Commit oral agreements on company governance, hiring policies and compensation to written policies.
- Establish clear rules for promotions, as well as conditions for termination.
- Mandate that children prove their competence by working outside the company first before they are offered a position.
- Create a family forum to educate shareholders, spouses and children on the direction of the business.
- Build a board of directors composed of both family and non-family members.

As a result, children in a family business know they have earned the job through their own merits. Otherwise, younger generations often struggle to have their input recognized by family elders. "The top three things that motivate individuals are that they are recognized, that they can give input, and that the work is intrinsically interesting," Bork says, citing the work of the psychologist Frederick Herzberg. "If you employ a competent person who isn't recognized and not asked for their opinion, you have an employee and a family member who's unhappy and bored."

In addition to a firm's executive structure, Bork recommends a "Family Business Forum," where members are educated about the company, children are groomed to become effective managers and the issues of family life are addressed separate from the business.

Not all who seek Bork's expertise are a match. Bork interviews prospective clients,

looking for cases that may be chaotic but portend at least a "neutral or a favorable climate" for change. Before diving in, he schedules a preliminary seminar in which he gives family members a collection of exercises. Bork then studies the interactions and identifies who in the family dominates, who clarifies statements of others and who initiates discussion. If utter dysfunction rules, he is blunt with the family—even an unnamed, high-powered one who once sought his services, Bork says. "When I told the father that I didn't want to work with them, he asked why. I said, 'I've been watching you all day. You don't listen to anyone. Your wife, your children, even me. It would be a waste of your money and a waste of my time.'"

But when the fit is right, the money spent for consulting is hardly a waste, Bork asserts. "If you grow to feel good about your dad, and you get the chance to work with your dad, what could be better?" ■



A close-up photograph of a man with short, dark hair and a light beard, wearing dark aviator sunglasses. He is wearing a light blue button-down shirt with thin, vertical pink and white stripes. The shirt is open at the collar, revealing his bare chest. He is looking slightly to the right. The background is a bright, out-of-focus turquoise color, suggesting a body of water or a clear sky. The lighting is bright and natural, creating strong highlights and shadows.

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# The Extended Family

Many Mitchells' employees have spent a lifetime with the company. Meet a few of the most powerful.

BY JEAN E. PALMIERI

## DOMINICK CONDOLEO, MASTER TAILOR, MITCHELLS



The store's oldest employee, Condoleo started working for Ed Mitchell 49 years ago. Although he had entertained ideas of opening his own tailor shop after emigrating from Italy, he opted to join a fledgling retail store in Westport, Conn., instead. His long career at Mitchells almost came to end just after it started, however. "I was not happy with the person in charge [of the shop when I joined]," he recalls. "I didn't like him. We had an argument and I decided to leave. But I went to Ed Mitchell and he said, 'Wait until tomorrow.' The next day he told me I wasn't going anywhere and he put me in charge of the shop."

In the early days Condoleo oversaw three people; today there are 24. "I've been lucky," he says. "Many of my tailors have been here 10 to 30 years. Tailoring is not an easy job. It takes a long time to learn the trade. You really have to like it."

Among his favorite parts of the job is working with customers. "It's very satisfying. They've become my friends. It's a lot of fun."

So is working for the Mitchell family. "They have a very unique formula that makes people want to do things for them. Nobody is forced. They empower you and with empowerment comes responsibility."

Although he has reached an age where he could easily retire, Condoleo has no intentions of stepping aside. "In January I had two knee replacements and was out of work for seven weeks. It reinforced that retirement is not for me. As long as I'm still productive and healthy, I'll be here."

## FRANK GALLAGI, SALES ASSOCIATE, RICHARDS

When the Mitchells bought Richards in 1995 they also inherited Galli, the store's super-salesman. Now a 43-year veteran of the Greenwich store, Galli admits he was apprehensive when he initially heard about the sale. "At first I didn't know what could happen, but it worked out to be the best thing," he says. "The Mitchells are wonderful people and they give so much to the community."

Although Mitchells and Richards were competitors, the relationship was always friendly, he recalls. "We shared some merchandise, and when I had a heart attack 25 years ago they sent me flowers."

One of the best things about joining forces with the Mitchells, he says, is their sense of family. "It's not all business," Galli says. "They expect you to spend time with your family."

The other thing that keeps him hanging around is the relationship he's established with his customers. "I could retire, but I'm still having a lot of fun," he says. "I'm getting referrals of young people, which is a big compliment at this stage in my life."

It's also a compliment that some of his long-standing customers think of him as family. "I get invited to their weddings—I've found myself on a 60-foot catamaran in St. Martin," he says. "You're really a part of their lives."

Maybe it's because Galli still goes above and beyond to please them. For example, on the morning of this interview he was scurrying around Richards well before opening because a customer just had to have an outfit for a trip that day. "I always try to do my best," he says, pointing out that the Mitchells allow him and his colleagues to make whatever decisions are necessary to complete the sale. "From the receiving people to your peers," he says. "We all work together to make it perfect."



## JOHN HICKEY, SALES ASSOCIATE, RICHARDS



Growing up, Hickey saw himself on the Great White Way, not on a retail sales floor. But the 30-year Richards veteran doesn't regret his decision. Now the store's top men's wear salesman, Hickey grew up in the business. "My father ran the store for [Richards former owner] Ed Schachter," he recalls. "I worked here a little through high school, but I swore I'd never come into this business full time."

Instead, he spent his time off working in summer stock in hopes of launching a career as an actor. But after college he migrated to Richards and has been there ever since.

In Hickey's mind there's not much difference between retail and acting. "What we do is entertain," he says.

Hickey credits his father and Frank Galli for teaching him the tricks of the retail trade. "Frank is gold. He's on all the time," Hickey says. "I've learned so much from him that it's made me a better person and a top seller. He taught me how to treat the customers and make them feel like they're in our home. We built our business one customer at a time. And we've been hugging the customer forever."

He too admits to having been a little uncertain about how the Mitchells would change the store after they purchased it. "When they came in, it was scary," he says, "but they were smart enough to embellish the business."

On a personal basis, "they give me a lot of rope," he says, "and are so appreciative of what we do. They act as coaches to keep us going. They believe in positive reinforcement."

Hickey notes: "I entertained [the idea of] leaving a few years ago, but it would be too hard to walk away. Retail is not easy, but I guess I have the gift. When I walk in the door, I realize it's showtime."

## TULLIO GIANNITTI, MASTER TAILOR, RICHARDS

Ironically, Giannitti had actually worked for the Mitchell family in Westport for a short time before moving on to its competitor, Richards, in the early '70s. When he took the job at the Greenwich store, there were only three people in the tailor shop. Today, he oversees a staff of 18 and serves as its head fitter for men.

"I worked for Ed Schachter for 25 years and then went back to the Mitchells [after they bought the business]," he recalls. "I like the Mitchell family. I do the best I can for them."

Describing himself as "a gentle man" who "never calls in sick," he has a work ethic that was honed in Italy from the age of nine. "I can make a suit from scratch," he says, but he realizes that his is a dying art. "Today, everybody wants to be a lawyer or a doctor. But I look at my job like a doctor. I'm a professional too."

Giannitti says that all the tailors used to be from Europe, but over the past 15 or so years the majority are from Colombia, Ecuador, Chile or Peru. "And we have two beautiful ladies from Portugal," he says.

When the Mitchells bought Richards he wasn't sure how it would turn out, but, "now I say 'Why didn't they buy the business sooner?' Mr. Schachter was a good man but the Mitchells are more professional. They've made a lot of good changes. I would like to be here a long time."

## RITA M. ROMAN, SALES ASSOCIATE, MITCHELLS

Don't tell Roman that a woman can't sell men's wear. The Mitchells veteran was one of the few female salespeople when she joined the company 22 years ago. "Bill and Jack had great faith in me," she recalls. "I





was one of the few women in this store. But it's been great. The men loved it and their spouses were appreciative."

Roman credited the Mitchells with "making me feel like part of the family. Their sales associates are as important to them as their customers. The key for them is to promote a healthy, happy environment. They've let me do what I want and they trust me to make my own decisions. I basically run my own business within their business."

Calling the family "visionaries" and "incredible businesspeople," Roman sees her career with the store continuing far into the future. "I don't have a crystal ball, but they give me the confidence that I could be here another 22 years."

#### RAY CERRITELLI, SALES ASSOCIATE, MITCHELLS



As a Connecticut native, Cerritelli remembers shopping at Mitchells as a kid. "My dad would shop here for himself and me," he recalls. And although he had worked for other retail stores, he eventually came back to Westport and took a job as a salesman at Mitchells. That was 23 years ago. "They give you a lot of freedom," he says of the family. "It's not a corporate structure and you don't have to constantly be looking over your shoulder. They've allowed me to flourish."

Of course, it doesn't hurt that Cerritelli will do almost anything to seal a sale. "I'll come in early, I've made a delivery to Sarasota for a customer—whatever it takes. It's a pretty basic concept, but if you always err on the side of the customer, you can't make a mistake. It becomes very easy and second nature."

#### ANGELA GUITARD, SALES ASSOCIATE, RICHARDS

With a resumé that includes an eight-year stint at Nordstrom in Paramus, N.J., where she was the top women's salesperson and managed the designer department, Guitard could have written her own ticket. But after a divorce the Connecticut native quit her job and moved back home to Greenwich. Soon after, she was ready to remarry and found the perfect Donna Karan dress. The designer suggested she go to Mitchells to try it on, so up the road she went. Scott Mitchell, the women's manager there at the time, helped her figure out how to get the "very intricate" dress on and they started chatting.

"I was standing there half naked and he told me they were building a store in Greenwich [that would include women's]. I told him that I only wanted to work part-time. Then I met Bill and 4 1/2 hours later I was hired."

Although building a business from scratch wasn't easy, Guitard says she "likes to be challenged."

She also goes above and beyond to please her customers. "I had a client in Boston and we were supposed to overnight her a top to go under a suit I'd sold her. But they sent it regular mail," she recalls. "So we bought the same top at Saks in Boston, I sent my daughter there to pick it up and we sent her in a taxi to the client's house. We were sweating—this was around 4:30 and she needed to be dressed by 5:30. But we made it."

This is a microcosm of what it's like to work at Richards. "The relationships we have with our clients go far beyond anything else," she says. "It's very personal and intimate. I love the one-on-one."

#### DAN FARRINGTON, GMM OF MEN'S, MITCHELLS/RICHARDS/MARSHS

Farrington knows his last name isn't Mitchell, and in the 15 years he's worked for the company he's wondered if he could ever really hope to

advance in an organization chock-full of family members. "That was a big concern for me," he admits. "So Bob, Russ and I had the conversation. They said there would be opportunities for me. They told me they intended to have more than one store and that there would be plenty here to keep me challenged."

That has turned out to be the case. "With all these stores, the job has exceeded my expectations," he says.

Although he reports to chief merchant Bob Mitchell, Farrington has the freedom to make his own buying decisions. "They empower people," he says. "They don't just give you a title and make the decisions themselves. They have the confidence to hand over that decision-making to their people."

He adds: "They're good managers and very committed to having non-family members play key roles."

Since he started working at Mitchells in high school Farrington has seen a dramatic shift in the merchandising mix. "We made a conscious decision to go upscale. We were much more moderate 15 years ago." And so, Zegna, Armani and other luxury brands took space away from lower-priced labels. "We realized Westport had become a mega-wealthy community, so it's been a continual trade-up."

#### TOM MALERI, MANAGER, MITCHELLS



As a non-family member, Maleri wondered just how far he could rise in the Mitchells organization. "I remember saying to my wife: 'This is a family business, where am I going to go?'" But it was determination to spend quality time with his family that kept him from moving on. "I've seen my twin boys grow up," says the 16-year Mitchells veteran who had worked at NBO before joining Mitchells. "I've had a balance between business and family life. We work hard but if I need time off

to see my boys do something, it's no problem. It's really gratifying."

It's also been gratifying to see the business grow. "When I first came here, it was just Jack and Bill," he says. "It's great to see the third generation come in and feel so passionate about taking the reins. It's interesting to see the dynamics of the family."

It's also interesting to watch the Mitchells fan the fires of creativity among the staff. "It's different strokes for different folks," he says. "We maximize people and they feel good about what they do. We like win-win, not lose-lose."

When he started, Mitchells was just another store, but now it's the "barometer. It's amazing that this little store in Westport could be thought of as one of the best retailers in the world."

#### JEFF KOZAK, MANAGER, RICHARDS

Kozak admits to having had major "anxiety" when the Mitchells bought Richards. "I thought it would destroy the confidence of our world," says the 25-year Richards veteran. "But it's been a blessing for everyone. People feel much more involved as they've grown the business."

Calling it a "testament to the Mitchell family," he says their love of the business has rubbed off on everybody who works there. "They're all very passionate," he says of the owners. "They have strong views about where the stores are going and they put out one common message." Despite the tough economy, Kozak reports that the store is "thriving. It's all about the relationships with our clients and the people we work with. It's all about the people."

Kozak says the "ability to grow is in our hands. We're given the tools and if we achieve that growth, we're rewarded." In the past, Richards' management had tried to change the sellers' styles to meet certain criteria, but under the Mitchells "we now have standards that build on people's strengths. Scolding doesn't work with anyone." ■



**I had a client in Boston and we were supposed to overnight her a top to go under a suit I'd sold her. But they sent it regular mail, so we bought the same top at Saks in Boston, I sent my daughter there to pick it up and we sent her in a taxi to the client's house. We were sweating—this was around 4:30 and she needed to be dressed by 5:30. But we made it.**

**—Angela Guitard**

# Turning Point: Women's

The faster-turning category accounted for nearly \$60 million in sales at Mitchells last year—for the first time, more than men's wear

BY DAVID MOIN

As the Mitchells celebrate 50 years in business this fall, Connecticut's first family of fashion retailing has another milestone to contemplate: Women's volume surpassed men's wear for the first time last year.

The implications are wide, particularly since the Mitchells have roots and a long reputation in men's wear. The staff has grown, along with a sense of urgency to purvey the latest designers and most relevant trends to an upscale audience. Compared with men's, the faster-paced world of women's fashion carries greater risks, but also the potential for higher volume and profits.

In addition, there's been a scramble for square footage on the selling floor to accommodate the evolving ready-to-wear, jewelry, shoes and accessories categories, with little elbow room in the Mitchells of Westport and Richards of Greenwich stores. Those two luxury emporiums have expanded to the limits set by zoning regulations, though additions are possible at Marshs in Huntington, Long Island, which also carries a designer assortment.

"We are tight for space," admits Linda Mitchell, co-GMM for women's, and the wife of CEO Jack Mitchell. "We keep turning it [the merchandise] faster and better. We've already encroached a little on the men's territory."

Last year, women's accounted for 55 percent of the retailer's total business. "That really is a milestone, when you consider we bought two men's stores and added women's onto them," Linda Mitchell adds, referring to the acquisitions of Marshs in 2005 and Richards in 1995.

The women's business is estimated at \$55 million to \$60 million in sales last year, according to market sources, with the designer portion accounting for about 65 percent; contemporary, 20 percent; and coats, sweaters and other items, 15 percent. Men's and women's together is just over \$100 million, sources say.

Mitchell, along with her co-GMM, Ellen Finlayson, and her son Bob Mitchell, co-president, sat down over club sandwiches and coffee at the Mitchells store to discuss the progress of the women's business. Marshs and Richards, they explained, were strictly men's wear businesses until the Mitchell family determined they were ripe for women's as well, particularly since plenty of women shopped the stores already, either for, or with, their husbands or boyfriends. When Mitchells bought Marshs, for example, the family surveyed 750 women who shopped the specialty store and learned that 85 percent would frequent a Marshs women's department if the service and selection were comparable to the men's operation.

As far as enlarging Marshs, it's something to consider for the future, not immediately. "Right now, we feel we have enough space to grow that business," says Bob. "We have only been there for two years. It's still relatively new for us."

The women's offering at Mitchells/Richards/Marshs is primarily built on high-end designer offerings that are tailored, career and evening-related, and targeted to 35- to 65-year-old, upscale professional women, or young, affluent mothers.

Lately, dresses, as well as outfits and items with a casual, relaxed yet still luxurious bent, have been driving the business. So have accessories, jewelry and shoes. With a preponderance of high-ticket products, sales average about \$3,000 a square foot, with the average rtw ticket a few hundred dollars lower than \$3,000, while jewelry runs higher on average.

The three top-selling labels are Giorgio Armani, Hermès and Michael Kors, followed by Loro Piana, Brunello Cucinelli, Dolce &



Ellen Finlayson

Gabbana, Ralph Lauren, Escada, Akris, Etro and Valentino. Such items as the Armani Collezione fuchsia mandarin-collar jacket, priced \$1,195; Kors' cap-sleeve tweed suit, \$2,970; Loro Piana's chocolate cashmere vests, \$1,735; and "hurricane" raincoats for \$3,450 typify what's been selling best.

In handbags, accessories and shoes, Hermès, Prada, Gucci, Tod's, Manolo Blahnik, Loro Piana, Stuart Weitzman and Cole Haan are key brands, with Hermès' Lindy Bag, priced at \$5,550, and Blahnik's bronze metallic "Farinelli" open-toe pump with stones, \$765, among the best sellers.

In jewelry, important labels include Michael Beaudry, Kwiat, Temple St. Clair, Cartier, Pommelato, Gurhan, Diamond in the Rough and Renne Lewis.

Three years ago a contemporary business, including Tory Burch, Theory, M Missoni and Phillip Lim, was layered in for a younger attitude and a more price-point-conscious customer, with Burch's tie-dyed tunic, priced at \$395, a strong seller.

The store is also bringing back Moschino after a five-year hiatus, and adding Charles Chang Lima and Ginny H for fall as well, creating a niche between contemporary and designer. "We buy these brands because they're a little quirky and not as traditional as some of our main lines," Linda explains.

"Casual luxury is our next foray," says Finlayson, a former executive at Bloomingdale's, Bergdorf Goodman, Ann Taylor and the Redcats USA catalog, who



joined Mitchells three years ago to further the women's business. She says the plan is to develop an area at Richards to house a grouping of designer labels adjacent to the Michael Kors shop, such as Loro Piana, Luciano Barbera, Akris, Agnona and Brunello Cucinelli, to project a relaxed yet still dressed-up appeal. A space, not quite as formalized as in Richards, will also be carved out at Mitchells.

However, the biggest growth opportunity is in jewelry, accessories and shoes, where Judith Ripka was brought in to replace David Yurman, and in the last six months Giuseppe Zanotti and Jimmy Choo shoes were added, as were Miu Miu shoes and handbags. "Accessories is the fastest-growing part of our business," says Finlayson.

Mitchells' growth in women's and men's fashions has been methodical and organic. That's different from most other retailers, which build volume primarily by increasing their store count. Still, the Mitchells are open to making another acquisition.

"First and foremost, our growth is going to continue to come from within our three stores," says Bob. However, "an acquisition, whether it's a men's or a women's store in the tristate area, would make sense. It's something we are always looking at. But there is nothing hot on the burner. We like to take measured steps."

The Richards and Marshs acquisitions, he notes, were far apart, and both not very far from the Westport home base. There is an 80 percent overlap in merchandise from store to store, but they each draw from different geographies and have very few customers in common. The stores are less

promotional than the competition; they never run a "friends and family" event, and they don't break price before other designer stores. The Mitchells say their merchandise is on sale about a third of the year through two events, and more than 70 percent of the women's goods are sold at full price.

The trunk show schedule is relentless, with at least 40 each season. There are free alterations on all women's merchandise provided it's not marked down more than 40 percent.

The buy, say the Mitchells, reflects a "steady dialogue" between the buyers and the sales associates on what customers want. Customer profiles, with computerized data on purchases and preferences and personal info, such as birthdays, hobbies and sizes, help buyers shop the markets with specific customers in mind. Typically, sales associates work with at least 100 customers and maintain customer books, either the old-fashioned handwritten kind or computerized versions. Then sales associates let the customers know when the goods are due to arrive, contacting them through e-mail, direct mail or by phone.

The connection with customers is unusual in retailing, where too often store staffs are disconnected from the client base. The Mitchells like to say they're in the relationship business more so than the apparel business.

"Our greatest strength is the people we have on our selling floor," says Bob. "They're highly productive, and we give them the behind-the-scenes systems" to support them with data on shoppers. Buyers attend the trunk shows, and they spend about 48 of the



# Elbows Past Men's

52 Saturdays in a year on the selling floors, so they learn what customers want and can effect educated buys.

"The major lines that drive our women's business are available in other stores. The challenge is to edit them for our customers," adds Linda.

For 38 of its 50 years Mitchells has sold women's. It started when Jack Mitchell joined the store and decided to bring in women's lines. Among the early labels sold were Liz Claiborne, Jones New York, Bleye, Gordon of Philadelphia, Adrienne Vittadini, Dana Buchman and Barry Bricken.

Nineteen years ago the company gave a sign it was getting serious about selling women's by changing the name on the storefront, from Ed Mitchell to simply Mitchells, to be less gender-biased. In 2003 the store's old suburban wood facade was replaced by brick and stone, and one central entrance direct to women's accessories, handbags, shoes and jewelry was constructed, leaving no doubt where Mitchells saw the most growth potential. Before, there were separate women's and men's wear entrances, reducing the chances of cross-traffic. Women's increased about 15 percent in space, to 14,000 square feet, and the space was furnished with granite tables with brushed-nickel frames, new floors, skylights and overall an environment befitting women's designer collections, comparable to the fanciest designer stores in Manhattan. Meanwhile, men's wear was downsized to 11,000 square feet, leaving the store at a constant 25,000 square feet.

"We tiptoed into women's, and then three

years ago Ellen and Linda exploded it," says Bob. "There's an excitement to the business, more options, more energy. Women are more interested in fashion. There is always an opportunity to grow women's by changing your strategies or the execution. There is more risk involved, though we think there is still a lot of growth."

That belief is partly based on the knowledge that the percentage of women's to men's at Mitchells and the sister stores is still well below that of Neiman Marcus and Saks Fifth Avenue, where it's more like three-quarters or 80 percent women's to men's.

Perhaps an even bigger reason to cater harder to women: "They outspend their husbands by two to three times," says Bob.

Mitchells' customers, he says with certainty, are most affected by the vagaries of Wall Street, and less so by declining housing values, the subprime mortgage crisis, or rising gas and food prices. At least 25 percent of the women's customers are executives on Wall Street and work in the financial industry, he says.

He also says the company is well positioned with inventory this season, and didn't overbuy as did many other retailers.

Overall, the company has never been stronger financially, and has always been able to self-finance growth, according to Bob. While he did say the women's business last spring was flat, there's optimism. "We have been amazed at how resilient the customer has been," he says.

"The early read on fall has been excellent," adds Linda. "Every trunk show has been ahead." ■



Women's accounts for more than 50 percent of the company's business today.

## Where Sales Sparkle

By upgrading the jewelry category, the retailer has created a multimillion-dollar business at its three stores

BY LAURA KLEPACKI

One Thursday morning in June, Todd Mitchell sent a personal e-mail to a busy corporate executive, a man with little time to shop. It was an acknowledgment that his wife's birthday was coming up. Todd, vice-president of jewelry for Mitchells, had something she might really like. Within five hours the customer wrote back. He would be in on Saturday to see it.

Paying attention to the personal preferences of shoppers, keeping data files and then following up with e-mail messages and postcards have helped Mitchells' jewelry department blossom. It is now a multimillion-dollar business representing 30 percent of its women's sales, or around \$16.5 million.

The magnitude of the department "is the best-kept secret," agrees Todd, who holds a master's degree in gemology from Gemological Institute of America, where he was educated on the fine points of diamonds and colored stones. With stores in Westport and Greenwich, Mitchells is now the largest jewelry retailer in Connecticut, he notes.

It wasn't always so. Jewelry was a late addition to the family's business, with sporadic offerings beginning some 15 years ago. The initial focus was on pieces with fashion stones to match outfits. For a couple of years an entry-level diamond line was presented



Jewelry is a growing area for Mitchells' three stores.



at a trunk show at Christmas. "We started selling bigger pieces in the \$2,000, \$3,000 and \$4,000 range," recalls Todd.

Then the diamond line was brought in year-round and put in a case. "It did phenomenally well," says Todd, who is the son of Jack Mitchell. Because customers trusted Mitchells in other areas, they started making special jewelry requests. "That was the number-one factor in our growth—the trust."

Continued on page 25

# The Mitchells' Message

Through 50 years of growth, Mitchells' marketing campaigns have remained faithful to the family name

BY RICHARD BRAVO

"Half the money I spend on advertising is wasted; the trouble is, I don't know which half."

This famous axiom was attributed to a pioneering retailer in the 19th century, but that uncertainty resonates just as clearly today. So at the Mitchells stores, when it comes to advertising, they stick with what they know: family.

With the Mitchells, marketing campaigns frequently go beyond the conventional, and in the early years of the company they even eschewed traditional advertising techniques. With an aim to create bonds with their customers, many of these efforts were directed at making shoppers feel as though they were part of the family itself.

Andrew Mitchell, vice-president of marketing, recalls how his brother, Russ, was frustrated trying to find penny stamps after the price of postage increased. This frustration was the genesis of a novel marketing campaign: The company bought packets of penny stamps and mailed them to all their top customers, courtesy of Mitchells.

"These little things have always frustrated me," says Andrew. "The idea is that we treat our customers as family."

Andrew also recounts the irritation he confronts when trying to find lost collar stays, which became the source for yet another marketing campaign. The company sent all their male clients sets of five collar stays.

Even in Mitchells' early years, advertising was handled in a unique way.

"The very early days when they started the store, the first database was my grandmother's Christmas card list," recalls Andrew. "That was how she started. She was an incredible note writer. That was 50 years ago."

In the '60s and '70s, Mitchells concentrated on advertising in local newspapers and reinforced its commitment to family values. Most of these print advertisements included images of sales associates, local politicians and the family members themselves.

"In the early days the ads were always about the story," says Andrew. "There would be a father and son shopping with my grandfather, with the father saying, 'I got my first bar mitzvah suit here, now I take my son.' Very storytelling-driven."

Twenty-five years after the inception of the company, Ed Mitchell, Andrew's grandfather, advertised on the radio for the first time. Ed hired Wynn Elliot, a famous network sportscaster who was

also a close friend, to do the spots. This was the first time the company used its tagline: Once a customer, always a friend.

In the '90s, as the company shifted its business to the designer market and looked to reap the benefits of the growing affluence in Connecticut, Mitchells



started to refocus its marketing philosophy. The company wanted to become a local alternative to New York City and to be seen as a multibrand store. During this period, advertisements still used pictures of the family, but there were many more product-driven looks as well.

The store's new image book, called *50 Years of Hugs*, will encapsulate five centuries of advertising tradition. When the book is released the Sunday after Labor Day, customers will see images that underscore the tradition of relationships at Mitchells. As well as product shots, there will be portraits of family members, customers, vendors, associates and designers (Giorgio Armani will be pictured with Bob Mitchell). "As you are flipping through this book, it will hit all the senses of all the relationships that we have," says Andrew.

"Family is a competitive point of difference for us," he adds. "We're family-owned and community-driven. Having that feeling is very important." ■



Far left: Two holiday brochures that ran in the 1970s. Above: Images from Mitchells/Richards' upcoming "50 Years of Hugs," featuring family members, sales associates, business luminaries and celebrities, such as Giorgio Armani, Kean Etro and former Richards employee Matt Lauer.





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## Vineyard Vines

*Continued from page 12*

speaker and cocktail parties taking place in the back at night," says Cameron Gammill, the manager of retail sales for Vineyard Vines stores, who oversees the units with Anne Danielson.

The partnership worked so well—with the Mitchells responsible for the hands-on store operation and the Vineyard Vines team designing, producing and marketing the product—that the two families opened three more stores together. In November 2007 a small Vineyard Vines outpost at The Ocean Reef Club in Key Largo, Fla., opened, followed by a 3,500-square-foot space in Westport, Conn., and a 6,000-square-foot store in the nation's capital, both this past April. The Mitchells also help operate the brand's Edgartown flagship.

(Vineyard Vines also maintains partnerships with Massachusetts specialty shops Murray's Toggery and Puritan Clothing Co. to operate freestanding stores on Nantucket and Cape Cod, respectively, and they joined forces with the Levy family, owners of renowned Memphis, Tenn., specialty store Oak Hall, to open a Vineyard Vines store in Memphis this past January.)

"The Mitchell family runs a class act," says Shep. "They have so many moving parts and family members—the product they deliver is incredible, and they are passionate about continually evolving."

While each store has its own merchandise plan, the retail formula remains the



The Greenwich Avenue flagship



The outpost in Key Largo

same. Both organizations have strong and identical theories on customer service, and all employees get training at the store as well as Vineyard Vines headquarters. "The attention that the Mitchell family gives each customer is a philosophy we preached as a brand before going into retail," says Gammill. Hiring mostly comes via word of mouth or internal connections. And while both sides are mum about what the retail stores are generating, Shep told DNR that they are doing better than was ever expected and that more are likely on the way.

"The Mitchells took a chance on us," says Shep. "If someone had asked them two years ago what their strategy was, they would not have said us—they are continually willing to think outside the box and keep taking it to the next level." ■



Shep and Ian Murray



Each store has its own merchandising plan.

Congratulations  
to Mitchells on your  
50th Anniversary

HF

HICKEY FREEMAN



suit yourself



# Jewelry

Continued from page 21

"They don't want to get hoodwinked. If the suit didn't fit, we took it back. We were a local, loyal community-based retailer," says Todd. "The jewelry business is different from suits. But we were fair in our pricing and slowly built the business."

Jewelry remains in a growth mode, with annual sales increases projected in the 12 to 15 percent range. "In our own customer database, we [jewelry sales] have only penetrated 20 percent," says Todd.

Today, Mitchells is full-service and prides itself on special requests. The Westport flagship has 32 cases and four jewelry specialists; its Greenwich store has 16 cases and three jewelry specialists; and its third and newest store, Marshs in Huntington, N.Y., has nine jewelry cases and a jewelry specialist on staff.

"If someone needs clocks engraved for a business event this evening, I can get that for you. If someone says, 'My wife needs diamond stud earrings' at whatever price, I can get something in two hours," says Todd.

Although selections vary from store to store, Mitchells currently offers nearly 30 jewelry lines, including: Bedat, Cartier, Judith Ripka, Michael Beaudry, Renee Lewis and Temple St. Clair.

Prices inched up over the years, too. From semiprecious stones, there are now pieces with precious stones at prices from \$100,000 to \$500,000. Upstairs even from that, its biggest one-time purchase came two years ago: a diamond and sapphire bracelet priced \$750,000. "It was gorgeous," says Todd, who finds the jewelry sector appealing partly because of its feel-good, emotional aspect, whether it be a gift or self-purchase.

To keep the departments exciting, Mitchells holds several in-store events a year. Mother's Day, Father's Day and Valentine's Day are key holidays, and from Thanksgiving to Christmas there are typically four or five vendor presentations a day.

Mitchells also pairs jewelry lines with fashion trunk shows, says Todd, citing as an example women's Armani shown with Pomellato jewelry.

Vendors and customers acknowledge the attention to detail as well.

"The level of customer service is the best I have ever seen in my life," states Anjanette Clisura, president of Diamonds in the Rough, a jewelry collection featuring uncut diamonds carried by Mitchells since last September.

Mitchells staff is so accessible, she points out. "If you call the store after hours, they give you an option to reach every person at home. They are giving people. They always try to please the customer. Because they are like that, that makes me want to be like that."

She recalls one male customer who never wore a wedding band. But he liked the Diamonds in the Rough collection and requested to have something custom-made. "We worked with Mitchells on getting him exactly what he wanted. It took two to three months. We even reworked the thickness of the band several times until it felt just right," says Clisura.

Longtime customer Wendy Doyle of Fairfield, Conn., says that while it sounds like hype, "it really is true. You do become part of the family. Yes, they are in a business to sell things. But at least in my case, I do consider a lot of them my friends now, which is nice." Recently the company donated to a charity founded by Doyle's twin teenagers that benefits refugees throughout the world. "They were willing and more than happy to do it," she says. ■



Jewelry now includes semiprecious stones from \$100,000 to \$500,000.

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# Class Action at Hugging U

Mitchells' new "university" gives employees the skills to improve their lives, both personal and professional

BY BRENDA LLOYD

Other companies could learn a lesson or two from Mitchells' Hugging University.

Inspired by Jack Mitchell's books, *Hug Your Customer* and, more recently, *Hug Your People*, Mitchells started The Hugging University in April 2007 and then brought in Robert Greenfield, who has a 32-year luxury retail background, about a year ago to facilitate and organize it for the three retail organizations within the Mitchells family: Mitchells, Marshs and Richards. The university was up and running last fall, but it's still a work in progress as Jack Mitchell, the visionary behind it, his son Andrew and Greenfield continue to come up with new ideas.

The classes—yes, there are classes—focus on five categories: culture, or a presentation of Mitchells history, mission, vision and guiding principles; team development; client development; personal development; and outside interest development. There are specific courses for team-building and interdepartmental and inter-store communications, as well as cultural training for customer service and experience. Courses outside of the business include yoga as well as caring for aging parents and estate planning.

The tagline for the university is listen, learn, grow. "All the courses have to be about that," says Andrew Mitchell, vice-president of marketing.

Mitchells has a 'board of education' made up of sales team leaders, some sales associates and a buyer who meet monthly to assess how people liked courses and explore new ideas, how to improve the classes and how to get everything done. The classes get some outside help from specialists in various areas, but Mitchells more often calls upon its own employees to provide the training.

"We have so much expertise in the organization that we can grow with each other as a team," says Greenfield. "Part of it is that the more we learn about each other and that each department is essential to the company, the more we can bring that front and center to make it resonate not only with the customer experience but with each other. And we link the stores and take it on the road to bring the entire organization together. This is why I connected with Jack's vision. At the end of the day, people make the difference, especially in such a competitive environment."

Part of the goal is to give associates an understanding of what other people in other departments do. "One department will present to another what their day looks like, which builds trust between the departments ... and helps them understand and respect [each other's] jobs," Mitchell says.

Greenfield adds that each department (or individuals in the department) will create a vignette every month to present to the entire store that showcases what they do, how they bring value to the organization and who they feel positively impacts their ability to deliver value. The intention of the program is to improve communication and teamwork by creating empathy, enhancing relationships, fostering acknowledgement and deepening pride across the entire company. The presentation ends with everyone in the audience sharing one reason why they appreciate the presenter.

Associates share their expertise with each other in the classes. As Mitchell explains, the classes aren't structured as a regular teacher/student classroom. "They're taught

by peers," he says. One associate who particularly excels at profiling customers, making outbound phone calls or picking up new clients, for example, will share that knowledge. The subject of one class, he notes, was how to build "super clients," who typically spend more than \$25,000 per year. "It was on how they're able to do that, what's different between serving super and usual clients and how to turn the usual client into a super client," Mitchell says.

John Hickey, who is the top men's seller at Richards, says he has found the classes to be "very exciting." Hickey has been at Richards for 30 years but says he's learning new things. For example, he took part in a course a few weeks ago on how to blast e-mails and still keep them personal for his clients.

The associates at his store in Greenwich, Conn., meet in a building across the street from the store about once a month from around 8:30 to 10 in the morning. "I find that we share a lot with each other," he says. Because the space is quieter and less harried than the store, and because the meetings are held in the morning, "people are more willing to share ideas and open up. The key is to keep it fresh, and they [the Mitchells and Greenfield] have been keeping it fresh."

Says Mitchell, "No course is the same. We have to keep them exciting and keep people coming to them. And we mix it up with outside specialists, as well as our associates from different stores, which has been a big bonus." For example, an associate called on to share his knowledge of a task he does well "feels like a million bucks afterwards" because of the recognition, Mitchell says.

For the class on caring for aging parents and estate planning, Mitchells brought in an attorney who special-



John Hickey

Andrew Mitchell



Hugging is a hallmark of the Mitchells culture.



izes in elder care and financial ramifications, a geriatric care provider and a person from the Employee Assistance Program. "It gave people the opportunity to learn the critical things to know before they're in a crisis," Greenfield says. "We invited whole families for this one. It went really well."

Hugging University goes beyond the classes, though. To help celebrate Mitchells' 50th anniversary, the company developed The 50th Anniversary Big Give, which provides associates the opportunity to thank the people who help them the most, or, as Greenfield puts it, "help make you shine." Mitchells has issued each person five recognition coins to give to each of five special people. The five associates who receive the most coins, or who are the "five top huggers," Mitchell says, were acknowledged at the family picnic/barbecue in early July.

Mitchell says the company is also discussing taking everyone bowling and throwing a picnic next spring.

Greenfield says his own background—which includes Bloomingdale's; Charles Jourdan, where he built a men's shoe business; and his own companies—paired with his own personal interest and education on team-building and communication with customers, fit beautifully with Jack Mitchell's hugging customers and people philosophy. "It seemed a perfect match," he says. "Mitchells is at the top of their game, and this is a way to create new possibilities and enhance their level of expertise. We have so much expertise in the organization that we can grow with each other as a team." ■

PHOTOS BY DAN D'ERRICO





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