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REPORT ON BUSINESS

THE GLOBE AND MAIL

THE UNSTOPPABLE GENIUS OF J.CREW'S

MICKEY DREXLER

PICKING THE
BEST
ISN'T EASY
IT TAKES

GUTS
IT TAKES
INTUITION

THE ONLY WAY YOU'RE GOING TO
GET BUSINESS TODAY
IS TO

TAKE IT
FROM SOMEBODY ELSE

WHY IS EVERYONE
SO SAFE?
WHY IS EVERYTHING
THE SAME?

THE CUSTOMERS
DON'T KNOW
WHAT THEY WANT
UNLESS
YOU SHOW IT TO THEM

IF THEY DON'T WANT IT,
YOU LOSE.
END OF ARGUMENT

(SOUNDS LIKE GOOD ADVICE
FOR YELLOW PAGES)



12 THINGS WE LEARNED FROM RETAILING GOD MICKEY DREXLER DURING OUR 72-MINUTE CONVERSATION

Millard (Mickey) Drexler is living one of the great second acts of American business. In the 1990s, he was retailing's merchant prince, running The Gap and convincing the world that khakis and T-shirts were the new corporate dress code. But after the dot-com bubble burst, bringing business-casual down with it, Gap sales tanked and Drexler was fired. In 2003, he resurfaced as CEO of J.Crew—at the time, losses at the company totalled \$40 million (U.S.), nearly quadruple what they had been a year earlier. Despite a deep recession and brutal competition online, Drexler set about turning around the retailer's fortunes. This summer, J.Crew opened its first international store, in Toronto, and as many as 30 other outposts are planned worldwide.

In person, Drexler is as kinetic as a grade-schooler. The only hint that he's 67 years old is the grey in his facial stubble, which he somehow manages to constantly maintain as five o'clock shadow. He's dressed in his workday uniform: jeans, an undershirt and an untucked buttoned-down shirt. Inside J.Crew's nerve centre in downtown Manhattan, Drexler talks about trusting your taste, why he revered Steve Jobs, and why—despite his good fortune—he's just as “scared shitless” about the economy as everybody else.

BY KYLE POPE

PHOTOGRAPHS BY LEE TOWNDROW







J.Crew just finished its first show at New York Fashion Week. It's unusual for a brand like yours to attend. Why did you bother?

[J.Crew's creative director] Jenna Lyons, my partner, wanted to do it. She thought it would be good exposure. She wanted to show the fashion press what we do, which I was totally for. I'm partial, but I think we have clothes that are a lot more wearable than any runway show in the world. How many people actually connect to the clothes they see on runways? It worked if the clothes sell. The initial intention was to **get attention to our clothes and what we do**. And that, for sure, worked.

You have said that J.Crew has a very clear brand. How do you define it?

J.Crew is for people who have a sense of style and taste that's important to them. They want clothes that are wearable, that they can emotionally connect to. These people care about how they look. They care about the cars they drive, the colour of their cars. **They want a product of great integrity**, meaning the maker of those products does the best they can do—fabric-wise, detail-wise, button-wise—to make the goods work. Fashion is a popular sport. Women love to shop and they love clothes. We try and offer the best we can for that customer.

But how do you know what's going to work? Is it luck, a shot in the dark?

It's intuition, it's DNA, it's genetic. I was watching a show on CNBC about BMW the other day, and one of their guys was asked the same sort of question. The thing is, they have 400 designers. We have myself and Jenna and a design team. Part of it is seeing around corners. **You kind of need to know where the world is headed.**

Do you do this consciously and intentionally, or does it just happen?

It's not conscious. For example, what I'm trying to do right now is **simplify the act of dressing**. So, three years ago, we launched our Ludlow suit for men. It's the jacket I was wearing when I walked in here. It's more narrow, double-vented, two buttons. Selling great.

Our design is, in part, curation. The world is incredibly over-assorted. Too much of everything, too many choices. I'm a news junkie. All of the networks are covering the exact same thing. Why is everyone so safe and why is everything the same?

I look at us as editors. We want to present a point of view, an assortment that makes sense. Look at Apple. They have something like 10 or 15 products, and that's it. It's the most brilliant editing in the world. I think it's our responsibility as a retailer not to just give choice. Now, some companies do. Look at Amazon. They've been hugely successful because they offer the best delivery system. There's nothing wrong with big assortments if you become the dominant big assortment seller.

But, in fashion, you have to have a point of view: This is what I am, this is what I do.

How much does the competition with other retailers drive you?

The economy now is zero sum. **The only way you're going to get business today is to take it away from somebody else.** It's a sport. You're out to win.

1

Everyone wants a piece of him
Since Drexler took over at J.Crew, its fan club has grown to include celebs (**Beyoncé Knowles** and her sister **Solange** were spotted at the company's New York Fashion Week presentation), boldface designers (Prabal Gurung produced limited-edition collections for J.Crew) and even the First Family. Those connections pay off: After the Obama kids were spotted wearing J.Crew on Inauguration Day, the company's stock jumped 11%.



2

If you trust the brand, price doesn't matter

Among the heritage brands that Drexler has tapped to be sold in J.Crew stores are Minnesota's Red Wing work boots (some of which retail for \$440) and British luggage maker Globe-Trotter, whose **Centenary** trolley case starts at \$1,638 (U.S.).



3

He trusts his gut

Although Drexler cleared out most of the J.Crew execs when he arrived in 2003, he felt an instinctive kinship with **Jenna Lyons**. He promoted her to creative director. In a profile, *New York* magazine credited her with ridding the stores of "offensive but lucrative items: a hairy poodle sweater, a stretch chino."



4

He lives and breathes retail

Drexler entered the business as a salesperson in the jeans section of New York City's now-defunct Abraham & Straus department store. He worked his way up through Bloomingdale's (buyer), Macy's (group buyer), Ann Taylor (president and CEO) and The Gap (CEO). In his spare time, he's been known to quiz shoppers and clerks about what's working and what's not.

5

Less is more

J.Crew only sells two styles of men's suits—the **Ludlow** and the **Aldridge**. Drexler showed up for our interview wearing the Ludlow jacket.



6

Everyone knows what he's thinking

Drexler's J.Crew headquarters isn't an office so much as it is a nerve centre (three assistants absorb his constant stream of ideas and follow up on them). His land line as well as his iPhone are hooked into the office PA system: Multiple times a day, Drexler broadcasts his thoughts, whether it be insight into what he thinks will sell, congratulations to staff or just a favourite quote.

7

He's got skin in this game

Before J.Crew was sold to private-equity firms TPG and Leonard Green in April, Drexler had a 5.4% stake in the company. According to J.Crew, he has kept a "significant equity investment."

If you win, someone else doesn't necessarily lose but comes in second or third. You're happier if you're not thinking about killing off someone. But if you're thinking about winning, that's totally okay.

What's the division of labour between you and Jenna?

There are no hard-and-fast rules. I do business and I do creative. It's kind of like a symphony. There's a conductor and they lead and the music is beautiful if there's the right leadership. **Everyone has a role to play.** From the day I met Jenna, I felt a connection. Once you feel that connection, you know you're on the right track.

Designers left to their own devices will design. Customers, in fact, like a lot of things that don't need to be improved. A year ago, we went a little off-course. Our skirts and our dresses were too short. We forgot about some of our customers. So what we do is try and **figure out what will be relevant** and what should stay. That's the nuance of the business.

Jenna is constantly moving forward. I'm always balancing what's current, what's past and what's forward.

You've talked about Apple a lot. You're on its board and knew Steve Jobs. Have you learned a lot from them in terms of running your business?

Even if I wasn't on their board, I would learn a lot from them. I'm looking for best practices constantly. Apple has beautiful design, beautiful product, incredibly functional. But mostly it's about picking product, getting behind it, marketing it and introducing it to a customer. What they've done just inspires me. Picking the best isn't easy, by the way. It takes guts and it takes intuition. Apple does that brilliantly. It helps me in my everyday thinking.

Apple creates demand for things people didn't even know they wanted. How does that apply to J.Crew?

That was Steve's favourite line—that customers don't know what they want unless you show it to them. It's about how you read the business. If you're looking at the business right, in fashion or anything else, you're reading the rhythm of the selling report, [and] you kind of know when the slowdown is coming. The job is to then invest in where it's going. If you market it and you show it and they don't want it, you lose. End of argument. You can't argue too much with the customer.

You've just opened J.Crew's first international store, in Toronto. Why here?

Frankly, when you go international, Canada is probably the most seamless move across a border. It's the same language. **We have a lot of Canadian customers** [via online orders]. We had the company ready to expand internationally. It was not a difficult choice. For us, wherever there's a white space—where we can fit in, do business and not have too much competition—that's where we want to be.

What's the rollout from here?

We're looking at other locations in Canada that we can obtain as soon as they are available. We're very actively looking right now. I am going to China in two weeks to see what would be right for us. **We're not in a huge hurry to get there.** It's hard to maintain the integrity of any business if you rush out and try to do too much, too soon. And we're looking for a store in London that would make sense for us. We're on an expansion mode that I would say is probably conservative.

You said recently that if you're not "scared shitless" about the state of the global economy, you're not paying attention. Do you still feel that way?

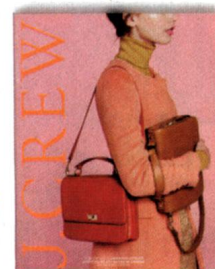
I still feel that way. People are afraid. Consumer confidence is really low.

I am scared, in the sense that I can't control it. None of us can. But I am afraid. And we're being as cautious as we can be.

Why not just stop? God knows, you don't need the money.

You mean working? I love what I do. It's a sport. **I love the action of the game.** I don't know what I'd do that would be as challenging. Every single day, I'm learning and looking for answers. It's my oxygen.

Kyle Pope is editor-at-large of Newsweek, as well as a contributing editor at Vanity Fair and Foreign Policy magazine.



8

He's revived the catalogue

The J.Crew publication bears no resemblance to its Sears or Land's End counterparts. The high production values (photos are shot on location in places like Russia and Italy), and features such as "Jenna's Picks," are designed to mirror the brand's message of quality and curation.

9

Customers and staff have his e-mail address. Even better, he reads what they write

Drexler has developed a reputation for having frank discussions with employees and customers. These exchanges pay off: After a sales associate mentioned that brides-to-be were skipping the boutiques and buying J.Crew dresses for their wedding party, Drexler introduced a highly successful bridal line.



10

He keeps the company nimble

J.Crew launched a flagship store in Toronto as well as a new Canadian shopping website. Customers who had previously bought clothes through the U.S. site were outraged that they now had to pay higher prices plus duty. Within two weeks, the company announced that e-commerce sales in Canada would henceforth be duty-free.



11

He's more careful than he used to be Drexler is often credited with The Gap's expansion during the 1990s. However, shareholders credited him with losing 70% of the stock's value between 2000 and 2002.

12

He's got millions and still goes in every day He must love his job.