

JULY 2018

A NEW
TAKE
ON
TAILORED

THE
AWARDS
ISSUE

ROCK
STARS
of MENSWEAR

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ULAH
FAHERTY
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KEEGAN ALLEN
LOOSENS UP

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QUINTESSENTIAL COACH

Removing obstacles so his team can succeed, SVP James Starke is spearheading the turnaround in JCP menswear.

BY KAREN ALBERG GROSSMAN

As a young teenager, James Starke had lined up a most enviable summer job: working with his friends at a theme park in Houston. His father, however, had another idea: he knew the manager of a grocery store who offered James \$2.80 an hour to sack groceries. After working at this grocery store through high school and college, James was asked by his dad (a chemical engineer who worked on environmental issues for Shell Oil) what he learned from this six-year experience.

“I was trying to come up with these lofty lessons,” recalls James “something about gaining a strong work ethic or appreciating the value of a dollar. ‘No James,’ my father corrected me. ‘The lesson learned is that you don’t want a career in retailing.’ I lost my dad about six months after this conversation and I often think about him and hope he’s looking down, proud of what I’ve accomplished.”

Applying for his first post-college job at Foley’s department store in Houston, James shared with the GMM some of his grocery store experiences including how he got rid of off-price goods that the buyer had loaded up on. “The GMM looked at me and a light went off: he realized I understood the business and immediately offered me the job...”

(Continued)

JCPenney: Fast Facts

Founded: 1902 by James Cash Penney

Traded: on NYSE since 1929

Stores: 860+

Total Volume: \$12.5 billion

Menswear to total store: 21%

M/W apparel ratio: 40/60

Current company slogan: ‘Style and Value for All’

Current company mission: To return to growth in apparel

Current menswear missions: To offer more contemporary product; to remain nimble and flexible and open to change; to create compelling shopping

environments to drive both frequency and spend.

National to store brand ratio: 50/50

Store brand strategy: To gain national brand stature (at retails 20-25% less).

Little known fact: JCP was the first department store to launch a website (early 90s).

Recent company moves: Closed 140 stores with 5000 layoffs in 2017; initiated a new focus on improving customer service, eliminating bureaucracy, reducing support positions.



DANI RIOS

“I’m passionate about Big-and-Tall because I’m a customer: I’m a size 15 shoe, a 34-35 inch inseam, a 17.5-37 dress shirt. Just don’t ask my weight.”

JAMES STARKE SVP, HEAD OF MERCHANDISING



Starke joined Penneys in 2005 and has, according to associates, truly earned his executive stature as VP/GMM of mens, kids and home. Says Jeff Useforge, dmm of all men’s except dress-up who’s worked with James every step of the way for the past eight years, “We’re very fortunate to have James as our leader to calm the waters and keep us focused during these recent years of intense change. He not only sets the vision and strategy, but he’s terrific at removing roadblocks so his team can drive business and be creative. He’s always there to inspire and support us.”

Marissa Carpenter, senior buyer for young men’s who’s also worked with James for eight years, agrees. “James is always wanting to hear what’s working; he knows the young customer changes every day so he makes sure to stay on top of it. He also knows how to take a complex situation and break it down into simple, actionable components. He’s incredibly nimble, constantly learning and always implementing new ideas.”

For his part, Starke (who’s worked for five CEO’s in 12 years) could not be more proud of his menswear team. “It’s amazing what this team has accomplished in these precarious times,” he confides. “I can’t say enough about them, their level of consistency and the growth they’ve been able to achieve in a challenging environment. Of all the different facets of my job, the most rewarding is working with and motivating my team, helping them figure out how to drive our various businesses and course-correct when necessary. I realized a long time ago that job satisfaction is all about the people you work with. During the Ron Johnson era, the distraction created a bond among colleagues that could almost be compared to a combat experience. Although I’ve never been in combat, we had this esprit

de coeur among team members. We were brothers; we would virtually die for each other. My job was to keep up morale.”

Alluding to a corporate mission to return to growth in apparel, Starke says he’s optimistic that his team will meet this goal in

James Starke Gets Personal

Self-description: Friendly, fair, level-headed, loves a good laugh.
Struggles with: Maintaining my target weight, finding shoes that fit.
Food weakness: A good steak!
Fashion statement: Colorful socks!
Hobbies: Spending time with my four kids; coaching their sports teams
Personal hero: My dad, who I lost in ‘96. He was a chemical engineer for Shell Oil who retired at an early age so I got to spend much quality time with him and learn from his wisdom.”
Passions: The Sprinkles, my daughter’s all-girls soccer team that I coached for six years. They recently

disbanded after 100 games but they kept fighting, even after 28 losses (all in the past two seasons). But I can’t say enough about this team: their tenacity, their desire to win. They’ve inspired me to coach again. I just drafted a recruiting letter, this time for kids at my three-year old son’s day care, stating my qualifications, my coaching philosophy and the goals of the organization. I plan to take my six years of experience and build a juggernaut.



“What makes James a great merchant is that he truly understands, believes in, and facilitates a strong sense of partnership with his vendors.”

MATT FEINER SG FOOTWEAR



men's. Sharing results from a recent in-house men's research initiative (done by JCP's customer strategy/consumer insights team), he notes, "Our research indicates we need a stop clock with our male customers: we have no more than 20 minutes to get them through the process of finding what they want, assessing what we have to offer, trying it on, making a decision and then making a purchase. If we can't do it within that timeframe, the sale is lost. We also learned that our customers care more about value than price paid. We're seeing them trade up for performance and comfort features so we've upgraded assortments to higher AUR goods, with no slowdown in sell-throughs. Our customers are responding to technical features, comfort, anything that makes their lives easier."

This research also verified the theory that men are doing more shopping for themselves. "So we made several changes to our floors to cater specifically to men. For example, we've consolidated all our Big&Tall sizes into one-stop shops in all doors as of last September. We now carry everything B&T from underwear to suits in a single shop, with Shaq as our new brand ambassador (his namesake collection will launch in September). We've also created a dominant pants destination so customers looking for choices in pants can more easily view the entire mix and select what they want.

"I hate to play favorites but in addition to B&T (because I'm a customer and have always had trouble finding clothes and shoes that fit) I'm partial to tailored clothing and furnishings, categories I used to buy. So these departments tend to get a bit more love from me. We launched our Michael Strahan collection in the fall of 2015 with just five categories and generated \$7 million in sales that first year. We've added ten additional categories since then and

I've never seen anything with the rapid acceleration of this brand, which expanded into activewear for spring '16 with the same success as the initial launch.

"Other components of our clothing assortment include J Ferrar — our younger, slim-fit, value-priced (\$150 out the door; \$300 ticket) tailored brand that I consider our loyalty play. This customer is coming to us for a suit to wear for a high-risk occasion: perhaps a job interview or the funeral of a loved one. If we can fulfill his needs at a high level of unforgettable service, odds are he'll return to us for other needs.

"Since I was the dress shirt buyer at JCP in 2008, it recently occurred to me that our furnishings floors looked exactly the same as they did ten years ago! So we totally transformed our presentations so that the floor is now open-sell. We updated and upgraded and made it much easier for men to find their styles and sizes."

Starke can't overstate the value of his relationships with JCP's national brands. "The consistent results we've had in menswear would not have been possible without our national brand partners. I remember the day in 2013 when Ron left, we were flooded with calls from our national brand suppliers saying how much they were behind us. That support has been unwavering in my tenure at Penney's."

Asked if he plans to add more upscale national brands to the mix, Starke is thoughtful. "I think we're always looking for great brands and we're constantly evaluating what's available to us. We're open to assessing any potential brand but I can't say today that we have specific plans to trade up."

In addition to JCP's powerful national brands, Starke is

Market Insights



beginning, but he has helped guide it from the ground up, allowing it to grow, expand and become a success.”

Michael Strahan

“James is a special guy! He’s serious, yet very funny. He’s a great dad to his four young kids and a super coach to the “Sprinkles,” which makes for some great jokes! (Also fodder for teasing: his passion for Texas A&M...)”

James has been through many ups and downs at JCP and has proven his strength and resilience. There’s a steeliness to him: he’s consistent and steady; even his demeanor is stoic. He’s very competitive, and as a leader, he’s great at building businesses, building team spirit, and keeping his teams engaged. He truly cares about his people which is why everyone loves working for him.

Also noteworthy: James is always prepared. He has an amazing ability to simplify problems and boil things down to a few key components on which to act. I often leaned on him during our years at JCPenney; he helped me be successful.”

John Tighe, Peerless Clothing (and former JCP exec)



“What sets James apart as a strong merchant is his accessibility, as well as his ability to go above and beyond as a business partner in all aspects of a project. Not only has he understood our vision for the brand from the very



“I’ve had the pleasure of working with James for the past 5+ years.

Throughout this time I’ve watched him manage through some unsettling times, always with a steady presence. He is a results-driven retail executive who has exhibited excellent leadership skills in merchandising, strategic planning, product development and people development. He has the proven ability to communicate and build strategic partnerships both internally at JCP, as well as externally. He knows when to seek advice and when to be a student seeking insight into unfamiliar businesses. He’s always put emphasis on team, and has been the calming force guiding his team through some difficult times, always with a strong sense of duty and loyalty.”

Patty Leto, Doneger Group



“James is a great merchant: willing to listen and eager to learn. He always follows through with his team. He is humble, enjoys laughing and always dresses well.”

Oscar Feldekreis, PEI



“James is a great merchant. He has an innate sense of interpreting the facts and analysis, listening to the viewpoints of his team, and determining an optimal outcome that best aligns with the priorities and interests of JCP. James is an equally great partner: strategic, focused, humble, and always a pleasure to work with”

Michael Stitt, CEO, Hagger Clothing Co.



“In today’s competitive and ever-changing retail landscape, James stands out as a leader who adapts quickly and smartly to create value for JCP and its partners. We truly value the partnership we have with James.”

Donna Paulo, Levi Strauss & Co.



“What makes James a great merchant is that he truly understands, believes in, and facilitates a strong sense of partnership with his vendors. When our respective companies have faced challenges with one another, I always know with James that I have his support in terms of working through the issues

and finding solutions that can work for both sides. I can tell you that type of approach is pretty rare these days, and that makes me appreciate and respect James and the value he places on long-term partnerships built on mutual respect and trust. James is a very good listener and I find him to be very open minded when talking through complex issues. I also like that James truly is vested in bringing the best possible product and value proposition to the JC Penney consumer. When there is an opportunity James believes in, he is willing to go the extra mile to bring it to life. I truly have enjoyed getting to know James over the past few years and I sincerely hold him in high regard not only because he is a fantastic merchant but also for the high quality individual he is.”

Matt Feiner, SG Footwear



I’ve been very fortunate to work with James as a buyer, DMM and GMM. He has never changed as he moved up within the organization: He’s always been humble, loyal and somebody you can trust. He always has an open to listen, and has always shown a knack to be a problem solver no matter the size of the issue. He leads by example, and his team respects and admires him and his dedication. I hope I can continue to work with James for the rest of my career. He is not just a great business partner, but a true friend that I

have used as a personal sounding board, and he has always given me great advice and direction.

Rich Wurtzburger, PVH



“James is a true merchant; I’ve worked with him for several years in many roles. He has a great sense of humor combined with passion for all aspects of the business. He is a great leader and inspires his team and all of us in the vendor community. I have always admired his dedication to both his work and family, plus he is a great coach to the Sprinkles! I consider him both a business partner and a friend.”

Judy Person, Randa



“James always looks for opportunities to help others; it doesn’t matter how big or small your business is. His success is derived from years of asking ‘what can I do for you?’ and never once wondering what’s in it for him. We’re just a small accessories company but to this day, as busy as his schedule is, he comes by our booth at every Magic just to catch up on our business and to remind us to give him a call if we ever need anything. And that’s extraordinary. That’s James.”

Scott Starnes, Dorfman Pacific

JCP Menswear Initiatives

AMONG THE MANY STEPS JCP HAS RECENTLY TAKEN TO BUILD MENSWEAR BUSINESS:

- Repositioned and added excitement to **golf shops**



• Intensified their relationship with **Michael Strahan**. “Michael is totally hands-on and fully engaged so it’s a pleasure to work with him,” says Joseph Thomas in corporate communications. “We’ve greatly expanded our product offerings. MSX is our new athleisure category that features tees, polos, chinos, etc.,

many in performance fabrics with quick dry, stretch and cooling properties. We’re also growing Michael Strahan Collection (tailored clothing and furnishings), shoes, luggage and underwear, all of which is already proving quite successful.”

- **Targeted men’s tailored clothing** by demographic: J. Ferrar for millennials, Collection (by Michael Strahan) for guys in their 30s and 40s, and Stafford for guys in their 40s and 50s.
- Created an even stronger focus on **Levi’s**, a true destination brand. Says Thomas, “We have one of the most impactful Levi’s presentations in the country with shout-outs on 501s, 515’s, NeverWash and many of the new fits. (Of course, we also do strong presentations for Dockers.)”
- Added a more contemporary look to **Arizona**, a value-priced store brand (more often perceived as a national brand) launched 30 years ago and now

purchased by one in three JCP shoppers, generating more than \$1 billion in sales. “We’re remixing it,” says Thomas, “and getting great results. Our teen focus groups indicated that our young customers want more fashion. So we’re giving them more fashion, new presentations and more exciting marketing, while maintaining the quality and value pricing that Arizona has always embodied.”



- Revamped shops for **Big&Tall**, another major JCP focus for an underserved market. “JCP is the leading department store in this category, according to NPD research,” notes Thomas. DMM Jeff Useforge adds that first quarter B&T performance is well above plan, boosted by strong marketing efforts including TV commercials on TNT and Father’s Day print ads. In fact, 20 percent of JCPs B&T business is done online, in sizes from 2XL to 6XL and up to a 60-inch waist.
- Enlisted **Shaquille O’Neal** as JCP’s new style ambassador for B&T.



Says Useforge, "Shaq is a tremendous asset, promoting the brand through lots of social media and television." Adds Thomas, "Shaq has a unique personality, a strong affinity for the middle class, and he sells in his own way. As a consumer, he's always had trouble finding value-priced fashion-right clothes in his size, so he truly appreciates what we're offering."

We just kicked off our new marketing campaign on TNT with a terrific commercial! Our Shaq brand (XLG apparel and furnishings) launches in select stores and online this fall and we're really excited about it!"

running, with an emphasis on performance fabrics. We'll have an enhanced environment for Adidas for BTS and our own Xertion label is also growing."



- Created newly impactful **activewear areas**, including Fanatics shops for licensed team products in 300 doors (will be in 800 by back-to-school); there are actually 300,000 licensed team products available online. Says Useforge: "Fanatics is an incredibly good partner, driving our online channel. The before and after on selling floors is dramatic and customers are responding to the disruption. We're making them think differently about how they shop."

Thomas notes that activewear is positioned in high traffic destinations with major presentations from Nike and Adidas; Puma and Champion were launched in February and have gotten off to great starts. "We have Nike shops in 600 locations focusing on all sports: basketball, training,

- **Differentiated traditional sportswear** businesses with enhanced visual presentations, e.g. they elevated **Johns Bay** (a JCP mainstay for decades) with new designs (a tropical theme for Fathers Day) and bright white fixturing while **Izod** now features more impactful presentations to enhance its bold colorful fashion.



- Formed a partnership with **Star Wars** and **Marvel** on novelty shops in 700 stores, featuring t-shirts, hoodies, gifts, etc.

- **Expanded fashion offerings** in young men's store brands City Streets and Decree. "City Streets is a value brand offering style at a price (\$10 shorts, \$5 tees) whereas our Decree label is more eclectic and trendy," explains Thomas. Adds YM senior buyer Marissa Carpenter, "We are a mall-based retailer and fortunately, teenagers still hang out in malls. Our challenge is how to engage them: we're doing it with trendier fashion, more social media, and marketing specifically geared to teens." National brands in young men's include Vans, Ecco and Zoo York.

“Our research indicates that male shoppers look for inspiration and direction when they come into our stores. So we’re giving them both, with a balanced mix of top national and powerful store brands.”

JOSEPH THOMAS JCP CORPORATE COMMUNICATIONS

truly excited about the newly launched Fanatics shops that are giving a specialty store feel to selling floors in 300 stores for Fathers Day and 800 for BTS. “Fanatics operates the ecommerce platforms for hundreds of collegiate and professional sports leagues (NBA.com, NFL.com, etc) and they’re taking over this business by storm. So we’re thrilled to be getting in on the ground floor as their exclusive brick&mortar partner. We’ll have two tiers of shops, including flagships with TVs and iPads for a fully immersive fan experience. This will help us create a more hyper-localized experience which is key since we already manage 3500 store/team combinations. (Please be careful how you use that figure or our team apparel buyer will realize how important he is to our success and we’ll have to pay him a whole lot more than we do now...) There’s a tremendous amount of complexity in this business.”



With so much innovation in his menswear categories and May '18 business strong, Starke should be happy. Still, we ask what keeps him up at night (in addition to his four kids, ages 10, 9, 7 and 3)? “I worry about the rapid pace of change in the retail landscape,” he confides. “It keeps me up at night but also gets me up in the morning and keeps me invigorated throughout the day. You hear so much these days about creating a friction-less environment between in-store and online and how everyone’s chasing that. You hear about the growing population of millennials: how they’re more affluent but less loyal shoppers. And we’re all trying to understand new retail formats like subscription services. So for me, trying to get out in front of the changing retail landscape while managing the traditional parts of our business is by far our biggest challenge. Fortunately, I’ve got the perfect team to make it happen.” ●