

The Touch

MICKEY DREXLER (GSM'68) MAY BE AMERICA'S BEST MERCHANT BY JOE NOCERA

Women's suits. Mickey Drexler has women's suits on the brain.

It's a Tuesday afternoon in SoHo in Manhattan, and Millard S. Drexler — Mickey, as he is universally known — is in a Madewell store looking for customers he can talk to. Mr. Drexler, as you may know, is the chief executive of J. Crew — a job he took in 2003 after being summarily bounced from the Gap, the company he had led for 16 years, transforming it in that time from an \$800 million midsize retailer into a \$14 billion Goliath. Madewell, which he's visiting today, is a brand-new J. Crew offshoot that sells hip, casual clothes. It's a little like the way Mr. Drexler started up Old Navy to offer clothes that were less expensive than the Gap's.

J. Crew CEO Mickey Drexler (GSM'68) has helped to double the price of the company's stock since its 2006 initial offering.



In 1983, Drexler moved to the Gap, and changed the face of fashion retailing in America.

This visit is not some stunt Mr. Drexler is pulling because a reporter is in tow. Visiting stores, quizzing the staff, critiquing everything in sight — and most of all, meeting customers — is at the core of how Mr. Drexler runs J. Crew. It's also what makes him happiest. He may be more hands-on than any other chief executive in the country. "The joke in the business is that retail is detail," said Richard E. Jaffe, who follows the company for Stifel Nicolaus & Company. "Mickey lives that."

"Walking a store with Mickey Drexler is one of the great experiences in business," said James Coulter, a founding partner of TPG, the giant private equity firm that had the wit to snatch up Mr. Drexler after he was cut loose by the Gap's board — and when the word among fashionistas was that he had lost his touch.

And so it is. He fusses over a row of brightly colored jeans. He learns that a manager from a Madewell shop in Massachusetts is working in SoHo today; he pumps her for information about how her store is doing. He wants to know what is selling and what isn't, how people are reacting to the store, even what the woman who just ducked into the changing room is trying on. And then, as he makes his way through the store, he sees a customer meandering about, a businesswoman in her late 30s or early 40s. And she's wearing a suit! He practically tackles her.

"Do you shop at J. Crew?" he asks. Actually, she says, she doesn't — "the fit is too boxy." He seems taken aback — making the fit better has been one of his obsessions since he took over J. Crew. "Really?" he replies. "How long has it been since you've been in a J. Crew?"

His grilling continues. He finds out she's a lawyer, she likes to buy designer labels (but only when they're on sale) and she's part of a women's lawyers group in Brooklyn that numbers around 300. You can practically see the gears turning. Mr. Drexler recently relaunched J. Crew's line of women's suits, with much higher quality fabrics and a price that never hits \$300, and if they became a hit, they could make the chain a lot of money. There are lots of young women, he believes, who want stylish, affordable clothing to wear to the office but who can't afford designer labels. If this woman were to try a J. Crew suit and like it — if she were to become a repeat customer — she could become a J. Crew proselytizer.

"How do we get you into a J. Crew?" he says. "We're going to get you in there to get one of our suits. Will you do it?" She nods. "You promise?" She promises. He gets some information so he can follow up, which he will — unlike most C.E.O.'s who interact with customers. And if you get the impression that Mr. Drexler seems intent on personally selling J. Crew to each and every potential customer, well, that's because he is.

At a time when most retailers are struggling — with credit tight, and consumers increasingly unwilling to spend — J. Crew stands out. It is growing at a steady, healthy clip; Mr. Jaffe estimates that when it reports its 2007 results in a few weeks, the company will report revenue of \$1.3 billion, a 14 percent increase. It is nicely profitable. Although the stock has been down recently, it is still, in the low 40s, more than double its 2006 initial offering price of \$20 a share.

Most of all, though, J. Crew has something now it hadn't had in a good long while: cachet among fashion-conscious consumers. There is

no doubt why. Tom Ford, the former creative head of the Gucci Group, who now runs his own fashion house, recalls the first time he looked at a J. Crew catalog after Mr. Drexler took over in 2003. "I could see the difference immediately," he said. "Suddenly, everything looked fresh."

Mickey Drexler has always had the touch. His father was a button buyer, so he grew up around the business, and spent the formative years of his career working largely for big department stores. There was much about big companies he hated — "they look at you funny when you show too much passion," he recalls — but it was where he developed his gift for anticipating what clothes people would want to wear before they even knew it themselves.

His big break came in 1980, when he became president of Ann Taylor — and turned it from a dowdy 25-store money-loser into a profitable 55-store chain. Then a few years later, he moved to the Gap, and changed the face of fashion retailing in America.

"The Gap was about clothing for America," he says now. "Simple style. Great colors. Reasonable prices. Price," he adds, "does not denote style."

For most of his time there, he had a magical run. Behind the scenes, however, he had a con-

Sizing Up Mickey Drexler

Introducing Mickey Drexler (GSM'68) at a School of Management M.B.A. symposium two years ago, Dean Louis Lataif (SMG'61, Hon.'90) described him as the "poster boy for what I call informed intuition. He knows the competitors, he knows the suppliers, he knows designers, he knows his employees, he knows fashion, he knows his customers, and he knows what some people call retail entertainment, all skills not taught in business school."

Drexler landed his first full-time job in retail while earning an M.B.A. at BU — a summer merchandising internship at Abraham & Strauss. As he told SMG's *Builders & Leaders* magazine, "I started to sense this was something I could enjoy." BU was important for another reason: it was here he met his wife, Peggy Drexler (COM'68). In 2006, he received a BU Alumni Award, the University's highest alumni honor.



A VIDEO OF MICKEY DREXLER SPEAKING AT SMG IS AT WWW.BU.EDU/BOSTONIA.

tentious relationship with the company's founder, Donald Fisher, who also held the title of chief executive (Mr. Drexler was president). In 1995, Mr. Drexler became chief executive. And then came the late 1990s, and it all started to unravel.

As president, Mr. Drexler did what came naturally — obsessing about clothing and style and stores and customers. But as chief executive he suddenly had a whole new set of issues to deal with at a very large company, which Gap had become. "Mickey was suddenly under-qualified to make decisions about real estate, cash flows, debt levels and employment problems," Mr. Jaffe said.

Worst of all, customers stopped buying his clothes. "I made some mistakes," Mr. Drexler acknowledges today. "I lost some of my confidence." It seems clear now, though, that the real problem was that as he focused on all the things that consume a modern C.E.O., he lost touch with the customer. The customer, it turned out, was his muse.

There is no question that Mr. Drexler has never quite gotten over the way he was shown the door in the fall of 2002 — though he also acknowledges now that it was a blessing. When he came to J. Crew a few months later — intent on vindication — he paid \$10 million for 22 percent of the company. He remains the company's largest individual shareholder.

There is also no question, though, that he's learned from his mistakes — that he has a much clearer idea of how to create an environment that plays to his strengths. Though it has a big catalog business, J. Crew has only 195 stores, and Mr. Drexler has no intention of letting it get outsize, no matter how much Wall Street hankers for faster growth. He believes in making himself accessible to everyone in the company, because he thinks that allows good ideas to flow upward — and sets an example for everyone else. When he first got to J. Crew, he quickly upgraded both the quality of the goods and the price, believing that people would be willing to pay a little more if they felt they were getting their money's worth. That's another part of the Drexler mantra.

Most of all, though, Mr. Drexler has re-established his almost visceral connection to his customer. And this time, he's not letting go. He spends part of almost every day visiting stores. He reads — and often acts on — e-mail messages that come from customers who have a complaint. He solicits comments and feedback from customers. When I asked him at one point whether it really made sense for him to spend so much time in stores and communicating with customers, he looked at me as though I'd lost my mind.

"People want to be listened to and they want to be respected," he replied. "Besides, this is how you learn what's on their mind. What can be more important than that?"

Toward the end of the afternoon I spent with him, Mr. Drexler made one last stop, at a J. Crew store on Fifth Avenue. He had been there earlier, and hadn't liked several of the displays. Now he was back to see if things were better. In the front of the store, at least, they were.

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Mickey Drexler is happiest when he is visiting J. Crew stores and meeting customers. He may be the most hands-on CEO in the country.

But then he walked toward the back, where the women's suits were. "We want to have a suit business and we want to do it with authority," he said to me as he made his way toward the suit area. "My problem with the suit section this morning is that it wasn't serious enough."

When he arrived, he let out a small sigh. There were three mannequins, about four feet in front of the suit racks, dressed in bright shirts and sweaters. "Well," he said finally, "it is 10 times better, but I still see red, orange and yellow and everything else is background." And then, for the next half-hour, he and his staff obsessively discussed whether young women looking for work clothes would be put off by the bright sweaters, whether there were other problems with the suits, whether they could be presented in a more appealing way. There was no detail too small for Mr. Drexler to inquire about.

Finally he was ready to go back to his office. As he headed to the door, he noticed a store associate who had not been part of the discussion. He walked over to her. "What do we need to do to sell more suits?" asked America's best merchant. ■

This article was reprinted from the March 1, 2008, New York Times. Joe Nocera (COM'74), formerly executive editor at Fortune magazine, is a business columnist for the Times. In 2005, he received a College of Communication Distinguished Alumni Award for Service to Profession.