



Jack and Bill Mitchell

# Eternal OPTIMISTS

Jack and Bill Mitchell have taught the world about hugs.

By William Kissel

**W**hen Paul Newman died in fall '08, one of the first calls went out to William "Bill" Mitchell, the co-owner of Mitchells of Westport, Conn. who was vacationing with his wife, Sue, at Arizona's Canyon Ranch Spa. Knowing that Mitchell and Newman were longtime acquaintances, the caller, a newspaper reporter working on the actor's obituary, wanted to know if the store owner could pass along any personal information about the Oscar-winning star for publication. Known for being discreet where clients are concerned, Mitchell politely declined to answer. Nevertheless, he did give the publication a memorable quote. "I told them I'll remember Paul not as a movie actor, but for his humanitarianism and his philanthropy in giving back," recalls Mitchell in reference to the actor's many gifts—by some estimates as

much as \$250 million—to various charities throughout his long career. "I hope someday they will say the same about me," he added before hanging up the phone.

Although Bill Mitchell, 66, and his older brother, Jack Mitchell, 70, have spent nearly half a century selling high-priced designer clothing to the tony inhabitants of Westport (and more recently to those in Greenwich and Huntington, Long Island, too), it's a pretty good guess that in death—hopefully many, many years from now—neither will likely be remembered solely for operating one of the most successful men's and women's clothing stores in the world.

"My parents always taught Jack and me that part of our responsibility here on earth is to the people on it," says Bill, who, like Paul Newman, donates much of his time to charitable causes. The Mitchells' three stores—

Mitchells of Westport, Richards of Greenwich, and Marshs of Huntington—sell millions of dollars worth of Armani suits, Loro Piana knitwear and Hermès ties so they can give away millions more to help many causes



## FAST FACTS

- ▼ **Founded** Mitchells in 1958; bought Richards in 1995 (renovated in 2000); bought Marshs in 2005 (renovated in 2006)
- ▼ **Size** Mitchells 25,000 sq. ft.; Richard's: 27,000 sq. ft.; Marshs: 15,000 sq. ft.
- ▼ **Men's vs. Women's** 50/50 in all three stores

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—Bill Mitchell

(AIDS awareness, breast cancer research, inner-city education programs, poverty prevention and more).

“We’re really not about clothes, we’re about people,” explains Jack, who envisioned himself a college professor and had no early interest in the family business. “You can sell a suit, what’s the big deal?” he recalls saying to his dad. Even now, fashion is less of a passion than his two tomes on hugging, his own metaphor for the need for (and benefits of) developing more personal relationships with those around you. A third book, tentatively titled *Hug Your Family Business*, is due out next year. “Of course we sell clothes and cherish our relationships with the Zegna and Canali families,” says the amiable retailer, who travels the country sharing his hug philosophy. “But it’s really all about our relationships with our

associates and our customers.”

It’s a simple kind of magic that is easily performed but rarely done convincingly, says Jack. “It’s the genuine caring for our customers and knowing them on a personal basis as Bill rather than William and Jack rather than John,” he says.

Understanding customer needs and constantly giving back to the community are strategies that have carried Mitchells a long way from its origins, when Ed and Norma Mitchell opened their original 800-square-foot signature store in 1958 inside a former plumbing supply house. Back then it was simply good conversation and the smell of hot coffee brewing—certainly not the three solitary suits hanging on the sales floor—that brought customers in from the cold. By the time Ed contractually handed over the business to his sons Jack and Bill in 1972, the brothers were already well ensconced in the family business.

However, unlike other family businesses where sons follow in their fathers’ footsteps right out of school, among the requirements of admission at Mitchells is a five year stint outside the company. “That’s one of two im-



“We run the business first as a business, second as a family.” —Jack Mitchell

portant rules. One is they had to work somewhere else, and two, it had to be a real job,” explains Jack, who disdains rules while acknowledging some are necessary to ensure appreciation and loyalty.

In addition to family members and extended family members (Domenic Condeleo has been the store’s tailor for 49 years), the business grew in size as well. By 1993 Mitchell’s had increased to 33,000-square-feet and the additional revenue generated by the expansion allowed the company to acquire another family business, Richards of Greenwich, Conn. in 1995, and yet another, Marshs in Huntington, N.Y. in 2005. Although Jack and Bill continue to serve as chief executive and vice chairman, respectively, last year the brothers did as their father did before them and gifted the equity in the entire business to their seven sons. “One of the biggest legacies of my life is that we were able to do that,” says Jack, his voice welling with emotion.

Generally, when so many family members are equally vested in one company (and there

are at present 12 grandchildren presumably waiting in the wings), it can be difficult, if not impossible, to reach a consensus on crucial business decisions. Yet surprisingly, the Mitchells/Richards/Marshs behemoth is run like a corporation with few of the personality struggles that befall most family endeavors. Anyone who has traveled or spent quality time with the Mitchells knows there are clearly strong personalities at play in the family dynamic, but like any well-run company, they understand the importance of checking their egos at the entry door.

“We run the business first as a business, second as a family and clearly we’ve had to do things over the years we never dreamed we’d have to do,” says Jack, noting how the recent economic downturn has forced the family to lay off employees that have been with the stores for years. Unlike many family-run businesses, the store has an outside advisory board to give strategic advice on policy issues. There is also a family consul to keep everyone in the loop on business and sales strategies.



# MR UPTOWN DOWNTOWN AWARDS



At various times they have even enlisted the services of a family consultant, David Bork, founder of the Aspen Family Business Group, to help family members build skill sets and better communicate with one another.

"Many family businesses fall apart because spouses or other family members argue," explains Jack. "Why does this person get to drive that car? Why does he make more money than me? A family business is not always equal, that's the one thing we've learned (through therapy)," he adds. "Some people like to say you should treat everyone the same, even in terms of compensation, but that is just silly. Everyone has different abilities and responsibilities and they should be paid based on their job requirements and performance, just like at any other company." Although his two oldest sons, Russell and Bob, now serve as co-presidents, Jack is proud of the fact the family never took any decision to a vote. "I'm a consensus leader and that tradition has been passed on," he says. "Sometimes that's based on respecting others' opinions even if you don't agree with them."

Lately the Mitchells have had numerous opportunities to put their leadership skills to the test. The plane isn't falling, but sales numbers are as the economy continues to nosedive. In addition to layoffs, bonus checks to family members have disappeared and the sales staff is not on commission anymore. "We were fortunate to learn that cash was king in the 1989 recession," explains Jack, who says the family remains financially conservative despite all the lavish spending on store expansions and remodels over the years. "Since October of last year we've been much more transparent," he says. "Every month Bob and Russ give a report on sales to all the associates in the store. No secrets. We don't tell them the cash flow and bottom line but we're pretty open with every other number and tell them to keep it confidential. We tell them that when things get better we're all going to celebrate."

Although the product mix hasn't changed significantly, inventories have been adjusted downward. "We find that the higher-priced merchandise, the higher quality, is selling just

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as well as the lower-priced goods," offers Jack, citing how Hermès doesn't allow its stores to discount, yet sales on the brand are among the strongest. "We've had to put in more depth in some of the lower price points but not at the expense of new fashion items," he explains. One thing that is not an option is private label, a margin builder for most stores but not in keeping with the Mitchells' philosophy. "We really rely on Armani and Zegna and Tods—those are the people with talent and we'd rather put our faith in them," he says. Rather than set trends, they prefer to legitimize fashion by selling it.

"It's a time of survival, no question about it," adds Bill, remarking that the store is fiscally tied to Wall Street because many of its clients are in the banking business. "Nobody plans for a rainy day or, in this case, a tsunami, but we're blessed to have my nephew Russell, who has kept us in a very sound financial position," says Bill, who explains how unusual it is for the president to sign every check, as Russell does. Nevertheless, he adds, "if we have two more years of this, I might be calling you up for an interview."

To combat the fear of spending, Mitchells has been forced to become more promotional than in the past. For instance, the 'Mitchells/Richards/Marshs Stimulus Package' last March offered customers \$250 off on certain items, \$100 off on others. "We've also become more price competitive," notes Bill, who says moderate lines like Hugo Boss, Canali and Joseph Abboud are picking up some of the slower sales on prestige brands like Kiton and Brioni. A \$6,000 suit sale is not unusual, he says, just less frequent. When an associate has a good day, such as a \$60,000 jewelry purchase, "we give them a couple of extra bucks or we get them some theater tickets," he says. To get through the crisis, both Mitchells note the importance of remaining optimistic. "I may feel one way, but when I'm on the selling floor or in the community, I am up. I am positive," Bill says. "People know our business is off but they walk in and see others shopping and they feel better."

Perhaps the most painful cutback these days for the Mitchell family is their charity work, but they haven't cut the purse strings entirely. "We can't, because people know and love us for that," explains Bill, who says the store continues to support a number of local charities. "Paul Newman used to say that his own life was so happy and blessed that he wanted to spread some of the joy around. He said the biggest thing you can do is give back and make a difference," recalls Bill. That lesson wasn't lost on either of the Mitchell brothers, nor on the seven sons following in their footsteps. ■

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