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EVENT



The Year's Best

FN Man of the Year Kenneth Cole joins an illustrious group of winners who helped define the industry during a very challenging 1996

Hot Cole

1996 was a watershed year for Kenneth Cole. The president and CEO of Kenneth Cole Productions not only dramatically expanded his empire, but also received a number of prestigious awards honoring his commitment to a better world

BY MARYANN LORUSSO

As Kenneth Cole leans over a podium in his New York showroom, one could hear the proverbial pin drop.

It's standing-room-only in the conference room at Kenneth Cole Productions, where the company's namesake is reporting year-end sales to at least 100 stockholders and staffers. Most of the employees, dressed in chic suits and the stylish shoes that made Cole famous, appear to possess the youth and energy associated with the brand. They sit in chairs, stand against the wall or crouch on the floor just outside the door, craning to hear their chief executive's optimistic, you-were-all-here-when-it-happened address.

A half-hour later, after squeezing through a crowd of associates waiting to congratulate him on a successful year, the 42-year-old entrepreneur settles in his antique-strewn office. He has fine circles around his eyes and a slightly distracted look that suggests his mind is still back in the conference room. But in a few seconds, he puts his hand on his chin, leans forward in a leather armchair and smiles. "We had a good year. Everyone worked hard," he says, as though simultaneously grateful and exhausted. "It's nice to know our collective efforts paid off."

If any year was a big payback for Cole, it was 1996. These were a banner 12 months for his company, highlighted by strong sales growth, domestic and international retail expansion, a burgeoning list of product licenses and — perhaps most revealing of the way Cole does business — a slew of recognitions from industry and charity organizations to which he is dedicated.

Since the Long Island, N.Y., native founded his company with an initial men's-footwear line in 1982, it has steadily grown from a \$5 million operation to a publicly held firm with sales reaching an estimated \$148 million for 1996. This November, *Forbes* ranked Kenneth Cole Productions No. 21 of its 200 Best Small Companies in America.

But the rewards go beyond the bottom line. Cole, who was one of the first people in the fashion business to take a stand in the battle against AIDS, was honored earlier this year for his corporate humanitarianism by the Concerned Parents for AIDS Research. On Dec. 8, he flew to Los Angeles to accept Devine Design's Humanitarian of the Year Award for his efforts to fight AIDS and homelessness. And the Council of Fashion Designers of America recently announced it will honor the designer next February with the Dom Perignon Award for Humanitarian Leadership.

Cole continues to support these causes through personal and corporate initiatives, including a shoe exchange for the homeless, which he holds in all his stores each February. And on World AIDS Day, he contributes 40 percent of his retail sales to the American Foundation for AIDS Research, where he has served as a board member since 1986.

The designer is modest about his recent awards. "I find the humanitarian concept staggering," he says. "To be recognized for the way you deal with your fellow human beings is the greatest honor, but why should I be [lauded] for something so inherently a part of me? I'm lucky to have been able to create a business that can serve more than just my professional needs, and to energize the people I work with by getting them involved in trying to achieve a higher level."

But as a realist, Cole acknowledges that in order to keep giving back to the community, he must continue to be successful. "My first job is to build a business," he says. "And the bigger this business gets, the easier it is for us to reach into important causes."

If this past year is any indication, growth is no problem. Cole's name is now licensed to some 30 companies for neckwear, briefcases, hosiery, belts and a variety of other products. In 1996, he opened 11 new Kenneth Cole retail stores, including one in Amsterdam and four outlets in the continental United States and Hawaii, bringing the total to 35. He introduced several concept shops in Federated Department Stores and Dayton Hudson stores across the country. And signaling his desire to expand the retail business into Asia, last April he entered a joint venture with a strategic retail partner in Hong Kong.



Photo by GEORGE CHINSEE

But Cole says his first priority is the wholesale operation, which represents about 70 percent of the business and includes not only the Kenneth Cole women's and men's shoes and accessories line, but also Reaction, a comfort-fashion collection, and Unlisted, a more value-oriented line.

Despite a flourishing business portfolio, Cole discusses the stock market with some apprehension. "I do look at the numbers every day, because I know other people are looking at them and I want to be able to respond to inquiries," he says. "But for an image-driven business such as ours, financials are a double-edged sword. You don't want to show the world you make a ton of money, but you want investors to know you are [performing well]. It's sometimes frustrating, trying to please Wall Street while making sure the company's long-term needs are served."

Neither investors nor consumers seem to be complaining these days. Unlike most other thriving men's-footwear brands, Kenneth Cole Productions relies heavily on the fashionable image of its namesake. Cole attributes his popularity to his keen sense of what consumers want. "To succeed in this business, you have to put yourself in the shoes of your target customer," he says. "I'm lucky because I am that person I'm marketing to; I read the same books, I go to the same places, I have a reasonably good idea of what the consumer responds to. When designing a product, I can look at something and ask myself, would this compel me to take out my wallet?"

A self-confessed workaholic who is by no means resting on his laurels, Cole confesses that his biggest worry is not maintaining balance among the three most important aspects of his life: family, business and community. He recently adopted a Zen-like approach to time management, a component of which is working from his Westchester, N.Y., home on Fridays in order to spend more time with his wife, Maria Cuomo, and three daughters, ages 2, 5 and 7. "My goal is to have all the parts of my life in synergy," he says. "Although the scenario is not as perfect as I'd like it to be, I keep getting better at it."

Another thing he hopes to further strengthen is his commitment to social issues. Through catalogs and print ads, Cole has taken stands on everything from condoms to former Vice President Dan Quayle, demonstrating repeatedly that he isn't afraid to mix business with politics. Cole says he has never been fearful of alienating consumers: "If someone loves a product, it's hard to turn them off to it." And if his latest ads, which celebrate music and Hollywood legends, seem "a little softer," Cole says that's only because "the company has many other agendas to fill."

Those agendas include promoting his newest license, a collection of watches made by Geneva; moving ahead with his new line of Kenneth Cole tailored menswear, set to debut late next year; and further penetrating the Asian market.

To illustrate how committed he is to the company, Cole relays the story of his oldest daughter Emily, who at age 4 seemed so adorable to her parents that they told her they didn't want her to grow up. "We said to her, 'We want you to stay just the way you are, so as of tomorrow, we are going to stop feeding you,'" Cole recalls. "She just looked at me and said, very concerned, 'But if you don't feed me, I'll die.'"

"That was the theme of our sales meeting this morning. We've got to keep nurturing ourselves and keep growing as a company." As for little Emily, he jokes, "after a few years of therapy, she'll be just fine."