



INTERVIEW WITH STEVE SHIFFMAN, CEO, CALVIN KLEIN
BY FABRIZIO FERRARO

Photos by EDU FERRER ALCOVER

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■ Not Just a Job but a Passion

Many CEOs had unusual starts, and **Steve Shiffman** is no exception. After graduating with a degree in psychology from the prestigious liberal arts college Vassar, he spent three years as a social worker for the State of Massachusetts before discovering his current passion: fashion.

He got into sales in the luxury department store chain Bloomingdale's. "And I just got the bug," he recalls. "There was something that I migrated to instinctively." He ended up moving to Macy's, "because they had a management training program, and that is really how I got into this business."

In 1992, he joined PVH, the parent company of Calvin Klein. He held several positions of increasing responsibility, including president of Van Heusen Retail and group president of retail for the Van Heusen, Izod and Bass divisions, before joining the Calvin Klein team as president and chief operating officer. He then served as president and chief commercial officer for the brand, until he was promoted to CEO in July 2014.

"This is more of a passion than a job," he says, citing a favorite quote of his by Coco Chanel: "Fashion is not something that exists in dresses only. Fashion is in the sky, in the street. Fashion has to do with ideas, the way we live, what is happening."

"I love what I do," he adds. "I love this brand, and I believe that, as great as it is today, it will be dramatically better and more relevant well into the future."



A Singular Vision

Ever since Calvin Klein opened his first coat store in 1968 in New York City, the brand that bears his name has had an impact. Within a year, the young designer was being featured in *Vogue* magazine, and fashion awards and big profits soon followed. In 1978, Klein reportedly sold 200,000 pairs of his famous jeans within the first week of going on the market: a craze was born.

But the enduring fame of Calvin Klein has not only been about the clothes. For decades, the brand has been synonymous with provocative advertising campaigns. The impact of its first TV commercial for jeans – featuring Brooke Shields – cannot be overstated. The attention it received marked a watershed for fashion advertising, as did the iconic billboards that followed featuring its men’s underwear. Arguably no other brand has been responsible for setting the tone for the kind of meme-based marketing that has become the norm today, as well as expanding the conception of fashion beyond clothes to include “lifestyle.” Today Calvin Klein is known for everything from accessories and fragrance to homeware and luxury ready-to-wear.

In 2003, Calvin Klein became a wholly owned subsidiary of Phillips-Van Heusen Corporation (PVH). Under the leadership of then-CEO Tom Murry, Calvin Klein grew from \$2.8 billion in global retail sales in 2003 to close to \$8 billion in 2013, having evolved from a license-only model to a more directly operated business.

In July 2014, Murry stepped down, passing the baton to long-time company man Steve Shiffman. The past three years have seen more changes at Calvin Klein, as Shiffman explained to IESE professor Fabrizio Ferraro when they caught up in Barcelona during Shiffman’s attendance of the Global CEO Program, which IESE runs in conjunction with the Wharton School (University of Pennsylvania) and the China Europe International Business School (CEIBS) in Shanghai. (Days after giving this interview, Shiffman made the surprise announcement at the 2017 Cannes Lions International Festival of Creativity that Brooke Shields would be returning to collaborate with Calvin Klein, 37 years after they first made headlines together – a sign of more to come.)

FABRIZIO FERRARO- When you took over as CEO of Calvin Klein in 2014, what did you see as your biggest challenge?

STEVE SHIFFMAN- I took over a commercially very viable company. However, the fashion relevance of our jeans business was waning. Our underwear business – another pillar of the brand – was doing fairly well but was under pressure. Meanwhile, our Calvin Klein Collection (branded using the street address of our headquarters, 205 West 39th Street) was more of a PR vehicle than a brand with real commercial relevance. Put simply, we needed to elevate every part of our brand and make the entire company fashion-relevant again. But I knew we had the ability to do it.

In addition to that, I had seven creative directors. Seven. I don’t know if you have ever run a fashion company, but trying to run a fashion company with seven creative directors under a unified vision is very, very challenging. All of them were very talented, but if I was going to transform the company and make it viable 50 years from now, I knew we needed a single creative vision that would take us forward into the future.

FF- This brings us to your decision to hire Raf Simons from Christian Dior as creative director, a move that caused quite a sensation in the industry when it happened last year. Why him?

ss- Raf has been described as a once-in-a-lifetime talent, someone “whose vision is so unique, belief system so strong, that their work exists up there amongst the fashion hall of fame ... with the ability to change the fashion industry forever,” to quote the British fashion magazine *i-D*. I would absolutely go along with that description.

Let me tell you a little bit about Raf. He started out as a furniture designer in Belgium, before switching to fashion. He launched his own men’s clothing brand in 1995, which is an incredibly well-received brand with a cult-like following. It doesn’t necessarily do a large volume of business, but it is a brand that fashion people – especially young people – are passionate about. He then went on to Jil Sander, before spending three years in haute couture at Christian Dior.

Historically, Calvin Klein has always been a youthful, culturally relevant brand. We were the



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first brand to put designer jeans and designer underwear in stores, the first to launch a unisex line with the fragrance CK One, and the first to openly talk about AIDS when that was a taboo subject. The brand has always been an innovator and a disruptor. We needed someone with an equally unique vision. Raf has that.

The challenge with bringing in somebody who is fundamentally a creative genius is the balancing of art and commerce. We are a public company, and my first obligation is to the shareholders. My role is not only to elevate the fashion relevance of the entire portfolio and regain the prominence that the Calvin Klein brand had in the past, but also to drive the business. It is a constant balancing act between short-term pragmatism and long-term artistic vision.

FF- Has it been difficult working with such a creative visionary?

ss- Of course there are cultural differences and assimilation challenges, but I believe we share a common vision that will ensure our long-term success. It is an ongoing dialogue between Raf and myself, but it is surprising how often we end up in a remarkably similar place. He has a keen appreciation of the business side and, despite not being used to a company like Calvin Klein, I think he intellectually knew what he was walking into.

FF- Aside from doubling down on creativity, what is your vision for the company going forward? Are you looking to change the relative size of the different businesses or change retail channels?

ss- When I took over as CEO, I was looking at the transformation that I thought was needed and the challenges ahead, and it felt like trying to change the engine on a plane while it was still flying. There was a lot going on at that time.

In 2013, our parent company, PVH, acquired Warnaco, which had previously licensed our clothing brand. This gave us the opportunity to unite our formal, underwear, jeans and sportswear lines. So, in addition to needing a sole creative voice, we needed to pull the company back together and reorganize.

Calvin Klein was already a complex

organization. We have several major operating platforms, with New York City being the global hub, and other major hubs in Amsterdam, Milan, Hong Kong and São Paulo. For me, connecting everything together, and globalizing a brand that was previously run by regions, was a priority.

It has not been easy, but we are well on our way. We are also in the process of launching e-commerce platforms around the globe, as we used to have relatively little presence outside of North America.

FF- With regard to e-commerce, there has been much discussion about whether the internet will kill off Main Street. What's your view on this?

ss- In the retail world, it is true that technology is disrupting everything. I don't believe that brick-and-mortar is dead yet, or that digital is going to be the only venue moving forward. However, I do believe that managing these multiple channels is critical.

Fundamentally, it is about connecting the consumer. If you lose sight of the fact that the consumer is the only person who really matters, you won't be successful.

The digital world is helping us connect with and engage with the consumer, wherever they shop. The landscape is changing daily, and we have to be agile and completely open-minded about how we do business.

FF- Some of those who ominously predict a "retail apocalypse" lay the blame at the feet of Amazon. Do you think Amazon will dominate fashion as they have with other categories?

ss- Amazon is a formidable brand and a great commodity seller. They haven't broken into the high-fashion spectrum yet, but I am sure they will have some success when they put their mind to it.

However, the consumer experience with Amazon is transactional – what I would call a low-fidelity experience. And that is where great brands and stores can have the upper hand.

I don't doubt for a second that some Main Street stores will close. There will be winners and losers, as there always are. That being said, those brands and stores that recognize they need to

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ramp it up and create magnetic consumer engagement when people walk into their stores – those companies that really engage with their customers – they will succeed. They will continue to survive and thrive in a brick-and-mortar environment.

FF- You yourself started out in a different field before moving into retail and fashion. What would you say to someone tempted by the idea of moving from, say, consulting or banking to working in fashion?

ss- The thing about this business – whether you are in the retail side, running a brand, wholesale, design – is that it is all fully integrated. And there is a beauty to each one of those components. I started on the shop floor and then went through a company training program: I think that is a really good way into this business.

Being the CEO of one of the great brands of the world makes it very easy for me to come to work every day. Sure, not every day is wonderful, but it is important to love what you do. And this is a brand and a business that makes it easier to love what you do.

FF- At Calvin Klein, you are constantly hiring and nurturing new talent. What do you think are the key competencies that executives need to be successful in your industry today?

ss- First, we need our people to believe in diversity, and not just in terms of gender or racial or cultural diversity, but diversity of thought. We are a global company, and to really ensure that level of diversity, we need to have people from all over the world working for us, embedded into the company. This not only feeds into how we think, but means that when we sell products around the world, we have a global team with local insights who know how to sell in those markets.

At the same time, we need to bring in a variety of different skill sets. We need young, smart people at ease in a digital world. We need people who are worldly.

Fundamental to it all is open-mindedness, and a willingness to listen and to learn. The day I stop learning is the day I should leave the job, because I believe that one of the things that makes any company great is a willingness to always learn and evolve.

The way this world is going, if you are not open to new ideas, and if you are just trying to protect the legacy rather than looking forward, then your company is going to struggle.

For those who are willing to look into the future, to transform themselves, to be open-minded and to embrace even dissenting points of view, I believe they are the companies that will be most successful. □

■ Steve Shiffman was interviewed by Fabrizio Ferraro



Fabrizio Ferraro is a professor of Strategic Management at IESE Business School. He holds a PhD from Stanford University. His areas of interest include strategy execution, responsible investing, and the fashion and luxury goods industry. He serves as academic director of the Fashion and Luxury Goods Industry Meeting held annually at IESE. A member of the *IESE Insight* Editorial Board, he has previously interviewed Mikael Schiller, of the Swedish fashion collective Acne, and Xavier Ybargüengoitia, CEO of Estates & Wines, part of the Moët Hennessy-Louis Vuitton (LVMH) conglomerate.