Pivot Perfect

A Thought Leadership Q&A Series by The Brownestone Group

Jim Fogarty: "Productive Discomfort" – A Blueprint for Multi-Brand Transformation

As CEO of FullBeauty Brands, Jim Fogarty leverages his extensive expertise in finance and portfolio management to bring fresh energy into the organization and align it with modern consumer needs. Earlier in his career, he served as Managing Director at Alvarez & Marsal (A&M), followed by his role as Chief Financial Officer at Warnaco and later at Levi Strauss & Co. In 2005, Jim was appointed President and CEO of American Italian Pasta Company.

With over 14 years of financial acumen developed at A&M, Jim took on the role of President and COO of Lehman Brothers Holdings in 2008, overseeing the complex process of winding down the firm. Renowned as a "turnaround professional," Jim subsequently joined the plus-size retailer Charming Shoppes as CEO, tasked with stabilizing the organization during a critical restructuring phase. He then led the multi-channel retailer Orchard Brands from 2011 until its sale in 2015. After a brief four-year retirement, Jim returned to the business world as CEO of FullBeauty Brands in 2019. Under his leadership, the company has embarked on an impressive revitalization journey, emerging from bankruptcy, reigniting existing brands, and acquiring new brands to expand its reach and better serve an underserved community. Additionally, Jim currently serves on the boards of Darden Restaurants and Serta Simmons Bedding.

The Brownestone Group had the privilege of interviewing Jim Fogarty to uncover the business strategies that have cemented his reputation as a successful transformational executive. We discussed the importance of leading with a customer-first mentality and the bold leadership required to unlock untapped potential. We're glad to share with our readers what we consider a mini "master class" on effective orchestration and strategic growth.

Timothy Boerkoel (TBB): It has been said that "successful people make decisions quickly (as soon as all the facts are available) and change them very slowly (if ever)." As your career has traversed quite a dynamic landscape of multi-brand portfolio companies, what are some of the tough decisions and notable challenges you've encountered as you've pivoted to new opportunities?

Jim Fogarty (JF): I've always been fortunate to work with companies that have great, established brands with the opportunity to do better. In this type of environment, there are different levels of struggle and challenge, but the ultimate effort is to meet the value they are capable of delivering. It's important to assess and make decisions quickly, and if you don't, you run the risk of getting stuck in an analysis rut. I've never had the luxury of being there; I've always had to digest information and data and make decisions pretty efficiently … to keep a company from running out of liquidity, for example; or for a company with plenty of liquidity but is meaningfully underperforming and undervalued and stuck in a value trap, requiring business improvement. I can't imagine the luxury of slowly making decisions. There is a particular kind of energy that comes from assessing and moving quickly, which plays an important role. However, it's critical not to be rash or reckless, so I'm always thoughtful when I get involved in a new situation to take in a lot of data; talk to the team within the company; meet with some prior leaders who were involved when it was doing well, including investors and lenders; and then reach out to people I know in the industry to try to triangulate the problems as quickly as I can before making the most informed decisions.

You'll make some mistakes here and there, but you're moving forward, thoughtfully. There are times when my decisions are not correct – I'm open to the errors, to new information, to customers reacting differently than anticipated … you *have* to be. A strong, well-informed leader is open to a changing environment. I've always tried to be this way.

I've worked with such strong brands over my career, but they have all encountered points when they were underperforming to their capabilities – and in order to recover, the teams all followed the "playbook" I described earlier of gathering and digesting information and moving quickly. The FullBeauty Brands example played out as a strategy that the former team, along with equity leadership, initiated to welcome in a new, younger demographic. However, the original plan of execution was to take the existing brands within the portfolio and ultimately make them something they weren't: young. This tactic was the root of many problems. It caused an unnatural positioning of the brands away from their boomer-age customer base. I had a sense of this as I talked to the organization, the board, and various investors and lenders. As I began to engage, I didn't make quick changes, but ultimately had to alter the senior management team and bring in new leaders I had worked with previously, who I knew had the experience to execute and return the various brands to their original forte. We also brought in brand, creative, and design leaders who understood these brands when they had once thrived. This approach ignited a fast-running start in returning them to their legacy strength. This was basically re-routing the company's current trajectory and bringing it back to its DNA, but in a modern way, and on a more natural path to growth.

The landscape of multi-brand portfolios is a unique one, requiring a different way of looking at the whole picture. FullBeauty had identified a desire and intention to service the younger consumer. We had a set of brands that did a fantastic job taking care of the boomer-centric customer since the founding of the company in the early 1900s. They filled a void in the market where the plus-size customer wasn't being taken care of the same way other customers were. As time progressed, it became apparent the company had not done an ideal job of taking care of a younger demographic in general – its structure was not really set up to service millennials. When I made the career pivot to FullBeauty Brands, and thought about growth for the company, I appreciated the *desire* to try to service that customer but needed to evaluate the *method*. Trying to do it with the brands that currently existed ultimately did not make strategic sense. It was a team effort, along with the board, in evaluating strategy and change. We understood we wanted to serve younger customers, but ultimately realized that the ideal way to accomplish that was to set up another network of brands, one that could be more effective in achieving that goal. This new set of brands would already understand the millennial and young Gen X customer and their needs.

With this new approach, we targeted a few brands of interest; Eloquii being one. When it became available, that launched our first steps in building this younger network, followed by CUUP, Dia & Co., and a few more that we are continuing to consider. This strategy allows us to incorporate the brands that make sense for the younger customer while allowing the existing brands and their teams to remain focused on doing great work for their boomer and older Gen X customers.

As we brought in these new brands, we were fortunate that they were essentially acqui-hires (acquisition hiring) where we acquired both the company and its existing, smart team that already knew their audience. This younger customer is "more Instagram and TikTok and less Facebook", with influencers and creators more important in the mix. The team knew how to connect well with this community of young shoppers, engaging with more fashion content and newness flow. A "cookie cutter approach" would not work here; instead, applying a focused approach assured us that we were not losing sight of the target customer, and that we were reaching them in efficient ways.

TBB: There have been several articles in the media in recent months about New York scaffolding, explaining the NY law that requires inspection every five years for buildings over six stories in order to repair them and simultaneously protect the public. This provides an interesting visual as it relates to business – protecting the existing part of the business that is stable or "productive" while removing or "selling" the part that is not, in order to remain in business or "prosper." How does one in your position navigate the scaffolding in your business?

JF: Now we know why New York City has so much scaffolding! First, in approaching change, you definitely take care to "do no harm." As you're trying to make improvements in a business, you for sure don't want to "cut into bone" in the core business as you're making changes. It's an interesting concept of making sure the scaffolding is protecting the business while you're making changes. It adds that buffer layer, so you're not so scared to make changes that you end up doing nothing at all. In my own experience, we ensure the customer-facing aspects of the business continue to function – the merchandise, the creative, and the sales interaction components. You always want to protect that, remaining very customer-focused and not cutting into your capabilities – always taking care of the brand. Especially in a multi-brand portfolio, it's important to protect the team that knows how to service each specific customer demographic; they are all unique. I've spent a lot of time working with the nuances of multi-brand portfolios, and ensuring the important details remain strong while we simultaneously try to initiate change is critical.

While I was with The Warnaco Group, Inc., there was a lot of pressure for improvement. We were bringing the company through a Chapter 11 process and emerging with basically all the businesses up for sale, as we were simultaneously trying to fix these businesses. That's a taxing process for an organization and all the people involved. You have to focus on running day-to-day business and taking care of your customers as usual, while working through this complicated and stressful process. We were successful in improving the business enough that the optimal path, and more valuable one, deemed by the constituents at our counsel was to keep the business together as a portfolio rather than execute the sale process.

At Levi Strauss & Co,. we analyzed the pieces of the business and evaluated how to optimize that portfolio; ultimately deciding to close their remaining U.S. manufacturing plant, close their European manufacturing footprint, pivot into owned bricks & mortar in the U.S. akin to their success in Europe, and meaningfully reduce the business' cost structure. It required making sure to keep the company intact and strong while we maneuvered through changes to make everything, as a whole, even stronger. During my time with American Italian Pasta Co., the company consisted of a manufacturing plant network – four plants in the United States – and we advantageously decided to close one of those plants and refocused our sales teams toward profitability. And while I was at Charming Shoppes, Inc. (CSI), we had owned a bank to service the credit card business within the portfolio – and chose to sell it off to strengthen the business. It didn't make sense for us to be in the banking business – it wasn't at the core of who we were and selling it, amongst other moves, drove efficiency.

Trying to wall off the activity around the changes being implemented and keeping most of the organization focused on doing what they do best every day – taking care of the customer and running the day-to-day business – is key. There are a few people that have to support the process of change, but we always try to compartmentalize things, and not interrupt the flow of the basic business. Of course, there's always going to be a little interruption, but you try to minimize that. And there is always the tough reality of reducing costs – which needs to be executed in a thoughtful, efficient way, being respectful of any adjustments to staff, vendor relationships, and the nice-to-haves. It's important to navigate those cuts without removing things that are crucial to the mission of the company – always taking care of the customer. It's a balancing act, but after you do it enough times in your career, you gain a feeling for where those lines are.

TBB: I recall reading "Thriving on Chaos" by Tom Peters in the late 1980s, affirming the notion that succeeding in "productive discomfort" is not new and may actually be your "comfort zone." Some have even referred to you as the "turnaround professional." At this point, as FullBeauty Brands is in a transformational era, share with us how directing change plays out in your mind.

JF: None of this is ever accomplished with just one person; strong leadership is about bringing out the best in the team and connecting with them to make change happen. The "productive discomfort" concept – I guess that's fair to say that my comfort zone is in the "discomfort". I am productive when there is change occurring in an organization and I'm helping a company through it in an effective manner; whether it be change to make it stronger, make it grow, or acquisitions. I really do enjoy driving that process, but it is always the result of a team. I've had some essential people who have worked with me multiple times in the past; like my CMO and my now retired CFO. Within the team structure, it is really important to try to model what you know for others, and allow them to model back for you some things you haven't thought about. We all make one another stronger.

My own method in the world of "productive discomfort" is the use of the Socratic Method (a form of argumentative dialogue based on asking and answering questions) that goes back to my Jesuit high school education, which is where I was taught this methodology and understood its value. I've enjoyed using it – where something complicated can always be made simple through the process of question and answer, after question and answer, continuing to "peel back the onion" to get at the core issue. It's a fairly straight-forward concept, but powerful with proper execution.

I'm also, by nature, always very interested and curious; I want to know how things work and how things connect. That has served me well when trying to move a business, turn it around, or improve it. There are lots of problems to be worked through, and after working through so many, you get immune to the discomfort and become comfortable working through them. It's a basic formula, and it's important to remember that there is no problem that can't be managed through or figured out – you just must engage in calm and methodical processing through the questions and getting at the roots so you can discern the best action to take.

There are a series of steps or considerations I rely on when directing change in a business, depending on the current state. You must have a strong base of liquidity in the business – if it's not strong, focus on that first. That's always an area I'm going to improve, but sometimes it is critical to direct attention there immediately. Also, you must review your asset base and determine if it's as lean as it can be. Questioning whether you are getting the financing from your vendors the way you need becomes important, as well as whether the debt capital structure makes sense and how to evolve it over time. All of these questions rise concurrently while working the core business – trying to improve the topline of the business, ensuring it's profitable, and reviewing the health of the cash flow that emanates from that topline.

As you work through these basic steps, you're assessing the strategic direction of the company, questioning where the business is going; if it's attacking a robust and addressable market; whether the business has differentiation from other players in that market … and all of this is happening at the same time, and fast. Your current management team is critical – if they're not right for the change, you must move quickly. Like so many others say in business, I've often looked back on my own experiences, and typically wish I'd made changes faster. It's also the right thing to do for the people involved, as opposed to stringing change along. You must make the decision about the talent you need and keep moving forward.

This all demands developing and maintaining an operating rhythm with the team – an ongoing "read and react" to what's happening. All leaders find a way to stay in touch with the business to ensure that it's well-managed over time. Through executive meetings, monthly operating reviews, executive line closes, etc., leaders can find a cadence with their team.

TBB: As one reads through your bio and the many acquisitions made while you were with different companies, there seems to be a common thread showing that it is not all about numbers. You value the team and the *human* resources, understanding the critical role they play in the success of change and growth. As a CEO, how do you model leadership among your team and who modeled that for you along your journey?

JF: For me, it's definitely not all about the numbers, and there are a couple of stories that explain that. On the corporate team at FullBeauty, I've had key leaders who worked with me multiple times; that's really important and a common thread. My ability to weave these executives into the team that already exists is critical; it's a careful balancing of a culture where the top team sets the tone for and supports that culture in order for the new team to integrate and be cohesive and successful.

With acquisitions, each situation is different. Some are more like an acqui-hire where we inherit a great team (like with Eloquii) as a part of the acquisition. Another example was our acquisition of Catherine's, where there was no team at all; we were buying a brand out of bankruptcy. The good news: with my HR team, we worked back to find the people who made that brand great. Along with my HR partner, as we were doing the due diligence on the business, we were also figuring out who would be on the team to lead the company and strengthen it. We began reaching out and interviewing people who had previously been connected to Catherine's when it was strong, to make sure we were re-energizing it in that vein. As a result, we hired strong leaders in the areas of merchandising and brand, creative, design, and copy – the voice of the brand. At the end of the day, it is all about the talent capable of making the brand come alive. We had a vision and knew it would fit in well with our portfolio if we put the right people in place and … *touch wood* … it did.

I had some unique role models in my life, and I credit my educational upbringing, starting with my Jesuit foundation from Regis High School in New York City. They modeled how to think about problems and work through them, and it was a framework to use in life. Also, I can reference my time at Williams College, which offered liberal arts study, and instructed me in a manner that informed my current way of thinking.

In my early career, I was fortunate to work for Alvarez & Marsal (A&M), a global professional services consulting firm, and that 15-year period of learnings gave me a solid foothold for the rest of my career. I was an "understudy" to Tony (Alvarez) and how he managed businesses. I also witnessed Bryan (Marsal) as he worked turnarounds. I was then CFO to Tony's CEO at the Warnaco Group and COO to Bryan Marsal's CEO at Lehman Brothers, and again was naturally schooled just from witnessing them and observing their skills. These years prepared me with the tools and ability to do it myself when it was my time. I am grateful for these experiences and credit them for helping me lead in different environments.

TBB: There is an old idiom many have heard that "one man's trash is another man's treasure" or perhaps "one's loss may be another's profit." You seem to have a vision for finding opportunities in lost treasures and helping them shine. What is the key to success in this process, and do you consciously seek out these opportunities – or do these treasures find you?

JF: I struggle a bit with the term "one man's trash," but that is the idiom. Certainly, we can instead say "underperforming", or "not living up to potential", or "a diamond in the rough" – and often, this has become my "treasure." I can look at a "diamond" and understand its strength, even hidden under dust and dirt. Sometimes a diamond just needs to be cleaned up to turn the rock into a gem … or the loss into a profit.

Strong brands are hard to kill, but at times they can be so underutilized or under maximized. When I've looked at a new opportunity and decided to take a job, I've tried to see the strength of the brands first. I believe I have a natural appreciation for finding the fundamental strengths of companies, whether or not they are performing to their full capability. I look for the things that can be fixed – of course, you can never totally know everything at first, but you can have a feeling for what opportunities exist.

Brands (or the people that oversee them) sometimes get tired of serving the customer that they have and want to move on to a new audience; this happens over and over again, and it creates problems. The solution may sound easy and straightforward – but I just try to unwind what has transpired. I take them back to the DNA and strength of the brand. There's a song from Steven Stills of Crosby, Stills, Nash and Young – "*Love the One You're With*" – that comes to mind. In the context that we're talking about, *love the brand you're with and take care of that customer*, as opposed to looking outside. You can create a great business if you focus on and build your existing customer base that is already loyal to you.

As I look back on my career path, the treasures do seem to find me. I left A&M to take the CEO position at Charming Shoppes, which had sought me out. As I finished my time there, I was connected to Orchard Brands Group, which was looking for someone to improve that business. When we sold Orchard Brands to Bluestem Brands, Inc. (the parent company of Fingerhut and then Orchard Brands), I basically retired (for a while) while maintaining my board director work. My retirement lasted about four years, until I received a call from the ownership of FullBeauty. I considered it because I already knew the plus-size business from my Charming Shoppes days; I understood the direct-to-consumer business from Orchard Brands; it was in New York; and I liked the owners and thought highly of the brand group. All of it sounded like a fun experience and I believed I could make a difference.

I also continue to remain involved with director roles, including spending almost ten years now on the board of Darden Restaurants, which has multiple concepts including Olive Garden, LongHorn Steakhouse, and The Capital Grille. It's a great organization and team that drives the business. Our board has been fortunate to have identified and worked with strong leaders in the CEO role there. After Darden's CEO retired, our board executed a succession plan for the CFO to elevate to the CEO role. We've also acquired businesses into the Darden portfolio and the team has executed those acquisitions seamlessly. It's been a pleasure to sit on that board.

More recently, just about nine months ago, I joined the board at Serta Simmons Bedding, LLC. This business houses another interesting set of brands. We are working positively with the management team and making early progress. My experiences and strengths lie with multi-brand businesses and sharing knowledge and strategies to support that type of growth. I'm looking forward to being a part of this business' evolution.

TBB: FullBeauty Brands is a 123-year-old company, promoting inclusivity long before it was a movement, and is now evolving and drawing in new customers every day. With more attention being granted to the women's plus-size market (and long overdue), and FullBeauty's intentional effort to expand the customer base to reach a younger demographic, what is the approach and what do you envision for the future?

JF: FullBeauty was always a strong and solid company servicing the boomer customer. As the prior team looked toward growth, the chosen strategy was driving the organization in "unnatural" or inauthentic ways, trying to make the business and the brands into something that they were not.

The company was founded in the 1900s with the basic mission of taking care of this underserved customer. It developed into a network of brands sharing similar founding stories and missions, focused on this boomer demo, with each brand taking care of a different need state of the customer – Woman Within, Roaman's, Catherine's, Jessica London, Brylane Home, Swimsuits For All, and KingSize. This network was the core strength of the company and its customer base.

Our reset strategy (reset in 2019/2020) is to take that strength and reach a completely new demographic. I had mentioned earlier that by acquiring Eloquii, we gained both excellent talent and an established brand focused completely on that younger demographic. The core business of FullBeauty is protected and continues to thrive, as we introduce growth by adding a new and unique customer with brands dedicated to their service. This was an intentional effort to reach this younger market.

From our early days, we targeted this underserved group of women from size 10W to 44W, but if you looked across the plus-size industry overall, there had always been more focus on the front end of that size curve (10W to 18W). There aren't a lot of organizations like FullBeauty who take care of women all the way up to the end of the size curve, but it is a big part of our strategy, of what we do well. In addition to apparel, and as a way of catering to all the needs of this market, we offer a robust bra business with 54 sizes, with bands from 38-54 and cups from B-G, and with all the support and function that make the customer feel great and stylish in the garments. Our swimwear includes a robust variety of styles, coverage, and sizes as well. And lastly, our footwear is designed to align with today's styles, combined with wide widths and stable heels for both comfort and support. As you might imagine, inventory planning and management have become critical positions in the workflow of such a diverse portfolio.

The future is focused on continuing to build out FullBeautyBrands and take care of our two key demographics. A constant in the retail business is the ongoing search for new talent to join us, new brands to enhance the mini portfolios within our broader brand portfolio, and to have fun along the way with the team driving profitable growth for the company.

About The Brownestone Group

The Brownestone Group was launched in 2015 with a mission to offer the most effective executive search, strategic consulting, and leadership advisory services. We introduce exceptional talent to brands and their leaders, transforming businesses and careers. Founder Tim Boerkoel possesses more than 25 years of retail, consumer, hospitality, and luxury experience, advising and recruiting for startups and global corporations alike in their searches for CEOs, Presidents, Board Members and C-Suite talent. Brownestone, along with its global network of affiliate partners, operates as a true partner to clients ensuring swift yet long-lasting results.