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GAME CHANGERS

The entrepreneurs and
companies that are disrupting
the retail industry

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2018 RETAIL GAME CHANGERS

Total Retail is excited and proud to bring you its fourth annual Game Changers issue. The goal of this issue is to highlight the entrepreneurs and startup businesses that are disrupting the traditional retail industry, whether it be it through digital innovation, unique product, enhancements to the supply chain, or a multitude of other ways. The Total Retail editorial team has identified and interviewed six “game changers” that are blazing a new path in retail — one that others might want to consider following.

In addition to learning more about these unique companies, this issue serves as a resource to help you get to know the people that are disrupting the industry. Not only will you get insights into their business acumen — e.g., how they’re planning to scale their companies for growth, what their leadership styles are, what they’re forecasting for the retail industry in 2019 — but you’ll also get a rare look into their personalities, from the books and movies they love to their favorite vacation spots.

Here’s a brief look at this year’s Game Changers:

- ◆ **Dirty Lemon:** Founded by Zak Normandin, this New York City-based beverage company makes its products available for purchase exclusively via text message.
- ◆ **Jenzy:** Started by two former teachers, e-commerce app Jenzy makes shopping for kid’s shoes a whole lot easier through its proprietary fit technology.
- ◆ **Madison Reed:** This company, named after founder Amy Errett’s daughter, offers women

the opportunity to make luxurious, at-home hair color with healthy ingredients (it’s also recently expanded into in-store Color Bars).

- ◆ **Rothy’s:** This San Francisco-based startup turns plastic water bottles into trendy women’s shoes, which it sells via its website and a brick-and-mortar store in its hometown.

- ◆ **STATE Bags:** This online and wholesale seller of backpacks, totes and bags for women, men and kids has built its business around a get one, give one model — for every STATE bag purchased, the company hand-delivers a backpack filled with school supplies and tools for success to a local child in need.

- ◆ **The Groomsman Suit (TGS):** Started by best friends, the online retailer sells affordable groomsman suits that cost less than a rental tuxedo. TGS is trying to save men from ever having to rent a tuxedo again.

While these companies are different in their approaches, they do share a common bond: they’re upending the status quos in their particular verticals by creating new and exciting products, services and business models. I’d venture to say there’s a lot that you can learn from them.

A handwritten signature in black ink that reads "Melissa".

Melissa Campanelli
mcampanelli@napco.com

Jeanne Foley and Diana Ganz, Co-Founders, The Groomsman Suit

What was the white space in the market that you identified, and how do you believe your company can address it?

Diana Ganz: When it comes to wedding attire, there are few if any brands solely dedicated to ensuring grooms, groomsmen and bridesmen look their best affordably. For years, the market has been dominated by luxury or big-box brands which have convinced men that the only way they could afford a tuxedo is to rent. The majority of men agree that the experience of renting a tuxedo leaves a lot to be desired. In fact, so can the whole experience of getting suited up for a wedding as a groomsman or bridesman. We knew we could offer men a sharp-looking and fitted suit affordably, all while making the process easy and even enjoyable. The Groomsman Suit is disrupting the tuxedo and suit rental model by offering stylish options men can own for less than the cost of a rental.

What was the “aha moment” when you realized you might have a successful business?

Jeanne Foley: Our Kickstarter campaign really gave us the validation we needed to move forward full force. In February 2016, we launched The Groomsman Suit’s concept of owning a suit or tuxedo for \$179 to see what the interest would be. After selling almost 100 tuxedos and suits in 30 days, we quickly placed our first inventory order and launched our website.

How are you planning to scale your business?

Diana Ganz: We believe in growing The Groomsman Suit intentionally. Since our start in 2016, we’ve had the good fortune of scaling to a multimillion dollar company. While we’ve seen exponential growth in sales year-over-year, our focus remains on our product and customer service. Fast growth is exciting, but it can also be distracting and dangerous. We’ve held off on a lot of our marketing plans in order to double down on giving our customers an excellent product and experience. We know that if we do that, our customers will do marketing for us.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched



Jeanne Foley (l) and Diana Ganz (r), Co-Founders, The Groomsman Suit

in the last year?

Jeanne Foley: In February, we offloaded shipping and distribution to a third-party fulfillment center. This was a huge move for us, and one we considered very carefully. For us, handing over product required a tremendous amount of trust in a fulfillment partner to ensure it would do an excellent job packaging and shipping our orders. With this handoff came some freedom in our day-to-day operations. Additionally, we no longer have to provide storage for a large amount of inventory, so we’re in the process of converting our Chicago headquarters into a showroom for our customers to get fitted, as well as a fun, open workspace for our team to grow The Groomsman Suit.

The past year has also brought some new product development. This fall, we’re excited to launch new colors in our men’s collection and a youth suiting line for ring bearers and junior groomsmen. In early 2019, we look forward to adding women’s suiting to our catalog to give ladies an alternative option to wedding dresses and bridesmaid dresses.

What are your goals for the business in 2018-2019?

Diana Ganz: Successfully launch our new products over the next six months. Continuously advance our technology to enhance our customers’ experiences.

Grow our team with great talent. Improve inventory management so we can successfully supply all demand.

What types of retail technology are you watching closely and/or thinking of implementing?

Jeanne Foley: With online retail replacing a lot of brick-and-mortar, figuring out ways to recommend the right fit to our customers is critical. Many online retailers struggle with communicating fit, and as a result they encounter incredibly high exchange/return rates. This is something we’re always keeping our eye on as the industry starts to come out with new sizing technology. We’ve developed our own custom “Fit Finder” based on customer data and sales history that has proven very helpful with minimizing exchanges and providing a great customer experience. We continue to use the data we gather to fine-tune and improve the Fit Finder. In addition, we’re always

keeping our eyes out for new technology that we could benefit from implementing.

In addition to improving size order accuracy, we're always looking to enhance our customers' experiences. We've become a little obsessed with ways we can make our website more intuitive and easy to navigate. There's so much we would like to do with our data to make our website smarter. In addition to that, we're trying to find ways we can communicate with our customers in advance of them even thinking to reach out. We want to stay ahead of their needs before they even know they have them.

Can you share the technologies and service providers in your technology stack?

Diana Ganz: Our website is on Shopify and we've recently switched to Shopify Plus, which was an exciting upgrade. We've made significant investments in customizing our website for our specific needs. Other platforms or apps we use include Zendesk, Fuse Inventory, Active Campaigns, and Loox Reviews.

The custom applications we've designed internally have been related to wedding group management, our return/exchange processes, our trial suit program, and our custom Fit Finder. Building apps that fit our exact needs has been key since a lot of the "out of the box" options don't provide the right solutions.

What's your hiring strategy?

Diana Ganz: Personality and enthusiasm for the business plays a huge role in our hiring decisions. Being a small team of just about 10 people, every person we add to the group makes a significant impact in not only the trajectory of the company, but our office culture as well. Our rapid growth brings its fair share of intense moments, and we've survived because of our ability to work as a team. We've created a really fun, open and supportive workplace culture, and we're fiercely protective of it.

Tell us about your leadership style.

Jeanne Foley: We believe in providing support and training, and then stepping away to let people run with it. Empowering and supporting our colleagues to become the expert in a particular task is essential in startup life. We've found that as soon as we can hand off a task to someone, they almost always improve upon the process.

Roles and responsibilities constantly change as we grow, so there's always opportunities for our employees to take on new tasks that they may not get experience with in a larger company. Most of the time we're learning alongside our team, so it creates a really fun and progressive work environment. Every mistake made is an opportunity to improve a process, so we have a more positive outlook on failures.

What's your forecast for the retail industry in 2019? What should retailers be preparing their businesses for?

Diana Ganz: Personal customer connection is going to continue to be important despite the movement towards service bots and automated responses. Yes, we need to embrace these practices to be efficient and stay ahead of our customers' needs, but we also have to stay dedicated to the interactive moments that require us to personally connect with and support our customers. It's those moments that create customer loyalty and satisfaction beyond what any sale could ever do. **TR**

Jeanne Foley

Age: 36

Favorite book: "Bossypants" by Tina Fey and "The ONE Thing" by Gary Keller and Jay Papasan

Favorite musician/band: The New Basement Tapes (Jim James, Elvis Costello, Marcus Mumford, Taylor Goldsmith, Rhiannon Giddens)

Favorite movie: "Dirty Dancing"

Favorite TV show: "Curb Your Enthusiasm"

Hobbies: Sewing, home projects

Family: I'm the very proud mom to a two-and-a-half year-old baby girl, "Frankie." I'm also obsessed with my nieces and nephews, and take every chance I can to visit with my siblings (I'm one of five).

Favorite vacation spot: Venice, Italy

Blog or podcast you turn to for inspiration: I really love tut.com. It's not really a podcast or blog, but it sends a "note from the universe" each day via email, and they're just really fun to read.

Mentors in the retail industry: The best mentorship has come from friends and family, especially those who have started their own businesses or are leaders in specific industries. Diana is a great example. I've turned to Diana for personal and work advice since I can remember, and put a lot of weight into her feedback.

What would you be doing if not working in the retail industry: I secretly wish I was a general contractor

and could do electrical work, plumbing, drywall and tile — my house would be a constant demo lab for new projects

Diana Ganz

Age: 36

Favorite book: "Give and Take" by Adam Grant

Favorite musician/band: I shamelessly listen to American Top 40 with Ryan Seacrest, but I like a wide range of music, from Mumford and Sons to G Eazy

Favorite movie: Any rom-com

Favorite TV show: Anything my sister is writing/producing. Currently that's "It's Always Sunny in Philadelphia."

Hobbies: Running, yoga and anything active

Family: I'm the oldest of three and am very close to my siblings. My mom is my role model. My father passed away when I was really young and she raised us to believe we could do anything we put our minds to. I live with my fiancé, Munib.

Favorite vacation spot: Portland, ME or Nantucket, MA

Blog or podcast you turn to for inspiration: Adventures in Happiness with Jessica Ortner, This Week in Startups with Jason Calacanis

Mentors in the retail industry: Jeanne is my No. 1. I'm incredibly fortunate to have a best friend with a brilliant idea and the industry expertise to bring it to fruition.

What would you be doing if not working in the retail industry: I'd definitely be working within the startup space. A secret dream of mine is to open a flower shop. Maybe when I retire.

Eve Ackerley and Carolyn Horner, Co-Founders, Jenzy

What was the white space in the market that you identified, and how do you believe your company can address it?

Eve Ackerley: On average, young kids grow a half a shoe size every two months to four months, which means shoe shopping is often on a parent's to-do list! However, there are few stores accessible that offer shoe-fitting experts. And if purchasing online, sizing variability between brands and even within brands makes it difficult to determine which size to buy. As a result of all of this, 70 percent of kids are wearing shoes that don't fit, according to the American Academy of Orthopaedic Surgeons.

Jenzy was designed specifically for sizing a young child's foot, and only requires one photo to accurately capture their foot measurements. The Jenzy app makes it easy to buy perfectly fitting shoes for young children without leaving home.

What was the "aha moment" when you realized you might have a successful business?

Carolyn Horner: We spent countless weekends at the park testing each new version of the Jenzy app with parents. The first time we hosted a "foot sizing event" at the park, we were dubious that parents would show up.

To our surprise, we had 20 parents come out! Moreover, the moms who came all had kids who were first walkers,



Carolyn Horner (l) and Eve Ackerley (r), Co-Founders, Jenzy

which was the first indication of who our target demographic might be. Many of these moms were buying kid shoes for the first time and knew wearing proper footwear is important, but struggled to find sizing help. Eve and I knew we had identified our "early adopters" who would be there to help us create the perfect sizing solution.

How are you planning to scale your business?

Eve Ackerley: We envision Jenzy becoming a personalized subscription model for kid's shoe shopping, where the app is able to use data and machine learning to forecast a child's footwear needs by season, as well as their projected foot growth. Our aim is to eliminate decision making in the kid's shoe shopping process. After wrapping up our first month in the App Store, we had

800 downloads, which is awesome, but we've still got a long way to go.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched in the last year?

Eve Ackerley: Almost the entire past year was spent beta testing Jenzy and getting the app to output a child's foot size within +/- 4mm, which is less than half of a child's shoe size. Designing this sizing process required hundreds of iterations and beta tests.

Additionally, many people think the app outputs the child's measurement and, poof, you're done. In reality, there's also a lot of work that goes into creating a back-end database of shoe measurements. This data has become the basis of our sizing algorithm. So when a child is measured through our app, we immediately know that they will be a size 9 U.S. in one shoe and a 9.5 or 10 U.S. in another.

Our sizing technology and e-commerce platform is aimed at increasing customer confidence while shopping, and reducing or even eliminating returns due to fit.

What are your goals for the business in 2018-2019?

Carolyn Horner: Over the next six months we will continue building brand awareness as well as planning marketing campaigns for the holiday and spring shoe buying seasons. To expand our potential audience, we want to roll out Jenzy on a new platform (Android or a web version). We will also be expanding our local team as we increase operations, and are starting to raise a round of funding later this year.

What types of retail technology are you watching closely and/or thinking of implementing?

Eve Ackerley: We're inspired by companies like Stitch Fix that leverage data to create a personalized and convenient shopping experience for their customers. We're excited to start implementing these types of smart recommendations into our e-commerce store.

Can you share the technologies and service providers in your technology stack?

Eve Ackerley: To host our website and e-commerce store, we use Shopify. Our app is built on React Native and supported by services including GitHub, Mixpanel, and Amazon Web Services (AWS) to track app analytics and performance. Lastly, Slack is a must for internal communication!

What is your hiring strategy?

Carolyn Horner: Eve and I are first-time entrepreneurs, and there was (and still is) a lot we don't know. Our go-to strategy is to find mentors or hire people who are experts in their fields, and then ask them as many questions as possible so we can continually be learning. We're always looking for people who naturally collaborate, teach, learn and challenge us. This is the best way to either validate or make our ideas better.



Tell us about your leadership style.

Carolyn Horner: As former teachers, Eve and I learned the importance of clear and thoughtful communication. The two of us are conscious of how we spend each minute of our day and we give that same respect to everyone we work with. Therefore, we try to lead by example by preparing for every meeting, whether it's with a mentor or an intern, encouraging note-taking and setting expectations on eliminating distractions (OK, maybe you can't take the "teacher" out of us!).

What's your forecast for the retail industry in 2019? What should retailers be preparing their businesses for?

Eve Ackerley: U.S. retailers report a return rate of approximately 30 percent for online sales, with poor fit cited as the No. 1 reason. Processing returns is costly. Jenzy's long-term goal is to create a sustainable business model that leverages a data-driven shopping experience to reduce our carbon footprint and eliminate spending on unnecessary processes (e.g., returns).

A great example of how fit technology and e-commerce is evolving is the new Apple ARKit that was released in June. Retailers should be thinking of how to leverage this technology to increase customer confidence while shopping (and increase sales conversion rates), as well as eliminate returns due to poor fit. **TR**

Eve Ackerley

Age: 27

Favorite book: "Unbroken" (Laura Hillenbrand) and "The Lean Startup" (Eric Ries)

Favorite musician/band: The xx

Favorite movie: "Sixteen Candles"

Favorite TV show: "Arrested Development"

Hobbies: Self-guided architectural tours, dumpling tastings, tennis

Family: 2 brothers, 1 sister, and a nephew on the way

Favorite vacation spot: Hoi An, Vietnam

Blog or podcast you turn to for inspiration: Y Combinator's How to Start a Startup

Mentors in the retail industry: Rudy Glocker (formerly COO of Pediped) and Hillary Wing (Children's Boutique)

What would you be doing if not working in the retail industry: Working to expand food education in public schools

Carolyn Horner

Age: 25

Favorite book: "Shoe Dog" (Phil Knight) and "Just Mercy" (Bryan Stevenson)

Favorite musician/band: Sylvan Esso

Favorite movie: "Pride and Prejudice"

Favorite TV show: "The West Wing"

Hobbies: Playing tennis, studying Chinese, hiking

Family: 4 sisters and 7 nieces and nephews!

Favorite vacation spot: Park City, UT

Blog or podcast you turn to for inspiration: How I Built This with Guy Raz

Mentors in the retail industry: Brigitte Cooperman (Ubiq) and Anthony Bucci (RevZilla)

What would you be doing if not working in the retail industry: Perhaps in the CIA!



Zak Normandin, Co-Founder and CEO, Dirty Lemon

What was the white space in the market that you identified, and how do you believe your company can address it?

Beverages are one of the few remaining high-volume CPG categories that haven't been disrupted by technology. The retail industry is driven by an outdated system of distributors and brokers that enable brands to offer their products to consumers through traditional brick-and-mortar retailers. This system has been the standard for decades, but consumer preference is shifting to home delivery as the preferred method of receiving products. Our vision is to enable frictionless order processing and delivery of beverage products to consumers through conversation, without the hindrance of brick-and-mortar retailers. This innovation sets a new standard for beverage distribution, powered by a frictionless platform suited to meet the tastes and delivery preferences of the modern consumer.

What was the “aha moment” when you realized you might have a successful business?

We launched Dirty Lemon exclusively via text message to validate our thesis that consumers prefer convenient, direct access to the beverage products they purchase most frequently. At the time, this strategy was unique and unproven, especially compared to other food and beverage brands relying on traditional retail distribution to sell products. Very quickly after launching the brand, we saw great success with both the product offering as well as the conversational method by which consumers were ordering (via SMS). The



experience of seeing a bold idea become a viable business model is extremely exciting and incredibly validating.

How are you planning to scale your business?

We're investing significant time and resources to improve our technological capabilities as an organization. Our goal is to build a defensible technology platform to disrupt CPG distribution. Earlier this year we acquired Poncho, a leader in conversational interfaces, to do just that. We expect this to be the first of many acquisitions that will enable us to quickly expand our core competencies and scale the company globally.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched in the last year?

This February, we hosted a one-day pop-up shop in New York City on Valentine's Day called "The Rose

Room" to launch our newest beverage, +rose. To accompany the product launch, we sold long-stem roses to customers, with all proceeds benefiting The Lower Eastside Girls Club. This activation gave our customers the opportunity to try a bottle of our latest beverage within a curated environment while supporting an incredible organization. It was a huge success.

We never use our text-to-order platform as an advertising channel. Our text-to-order model gives the customer communication on their terms, and we respect the intimacy of text message. For this reason, we only text our customers to offer them an experience. Therefore, to drive traffic to The Rose Room, we sent a text message to all of our New York-based customers to invite them to the event. We saw a huge

“ We never use our text-to-order platform as an advertising channel. Our text-to-order model gives the customer communication on their terms, and we respect the intimacy of text message. For this reason, we only text our customers to offer them an experience. ”

boost on social media, sold out of roses, and left the space with empty refrigerators.

We recognize how important it is for a digitally native brand to connect with its customers offline. This fall, we will be opening a physical space in Tribeca to provide another unique experience for the Dirty Lemon customer.

What are your goals for the business in 2018-2019?

Our vision is to build the beverage company of the future. Few marketplaces are tougher to break into than premium CPG, and we've succeeded not only because we've created a great product, but because of the technology and data the business generates. We look at Dirty Lemon as a successful case study into our capabilities, and aim to offer the modern consumer a range of beverages to incorporate into their daily routine.

What types of retail technology are you watching closely and/or thinking of implementing?

We rely on technology to drive efficiency and provide a seamless experience for our customer. One aspect of our space in Tribeca will physically embody this — it will go beyond the current standard of “experiential” by putting the consumer in control of their experience. We're pushing experiential into experiential, which we believe is key to innovation.

Can you share the technologies and service providers in your technology stack?

We own every part of our technology and distribution channels, which gives us direct connection to consumers. This creates incredible value when applied to a high-velocity CPG category such as beverages. We're truly controlling all aspects of the customer experience, from plac-

ing an order to product delivery, and we're pioneering a new distribution system that provides a frictionless purchasing experience for the consumer.

What's your hiring strategy?

We look for candidates with targeted expertise. At the beginning stages of building a company, it's natural for employees to take on multiple roles. Fortunately, we've grown to a place where we can be really strategic about who we add to the team. We're hiring employees with the drive, enthusiasm and experience to excel in specific roles.

Tell us about your leadership style.

I believe in trust and delegation to trickle down throughout the entire company. I have really high expectations because I know what my employees are capable of. I want to support my team to push the boundaries of what's possible.



Zak Normandin

Favorite book: “The Consolations of Philosophy” by Alain de Botton

Favorite musician/band: Lauryn Hill, The National, Philip Glass — some of my favorite live shows

Favorite movie: “The Fall” (2006 version — very important)

Favorite TV show: “Curb Your Enthusiasm”

Hobbies: People watching, reading, exploring new cities with my kids

Family: 3 children (2 daughters, 1 son)

Favorite vacation spot: Miami

Blog or podcast that you turn to for inspiration: RadioLab

Mentors in the retail industry: I have a great deal of respect for Natalie Masenet, Chris Burch, Ron Burkle and some of the early disruptors in the retail space

What would you be doing if not working in the retail industry: As a kid, I always wanted to be an architect. I'm still extremely interested in architecture and feel lucky to be building a company where I can explore creative concepts with physical property. I would love to design/build my own home one day.

What's your forecast for the retail industry in 2019? What should retailers be preparing their businesses for?

We're at a place in the industry where direct-to-consumer is essential, so companies need to move beyond this model to be successful. We believe conversational commerce (which we're calling c-commerce) via text message is the communication tool of the future. C-commerce takes direct-to-consumer post-web. Our c-commerce model creates and maintains a unique conversational flow with the consumer, discarding volume-driven interruption marketing.

We're able to be consistent across all selling mediums — i.e., our customer receives the same heightened experience whether they're texting to order, DM'ing us on Instagram, or going to a physical activation, which our customer really values. TR

Scot and Jacq Tatelman, Co-Founders, STATE Bags

What was the white space in the market that you identified, and how do you believe your company can address it?

Scot Tatelman: To tell the full story, we have to go back before there was a STATE Bags. Ten years ago, Jacqueline and I started a summer camp for kids living in really tough neighborhoods in all five boroughs of New York City, and it became a big part of both of our lives. It's celebrating its 10th season this year. We started seeing this recurring, unfortunate theme: kids carrying all of their stuff in trash bags or ripped shopping bags, and it really made no sense to us. With all of the work we've been doing, we really wanted to do more to support kids locally.

We wanted to take the one-for-one model, famously created by TOMS, but adapt it to kids locally here in the U.S. And we wanted to do so in a way that was giving more than material goods away. We wanted to bring them incredibly positive roles models, unique experiences, and positive messaging through our bag drop events. So for every bag we sell, we donate a fully stocked backpack to an American child living in situations with need.

What was the “aha moment” when you realized you might have a successful business?

Jacq Tatelman: Adding on to what Scot said with our aha moment, we wanted to create a product or business with a give-back component to it, but we really felt there was a white space in the market for off-duty lifestyle products that could encompass the needs of the entire family. We make bags for men, women and kids. We felt like there were a lot of backpack brands doing a lot of really good things in their own right — the outdoors space was covered and the hipster space was covered. However, we didn't see a brand that could really take care of the entire off-duty lifestyle needs in terms of bag products, spark the conversation of social injustice and giving back, and infuse really great fashion into the product, specifically in kid's bags.



Jacq (l) and Scot (r) Tatelman, Co-Founders, STATE Bags

When it started to resonate in the kid's space, where moms like me didn't want to carry a character backpack for their kids everywhere, we knew we had a great business. I think that people were most excited about the kid's products at first. When back-to-school came around, sales were off the charts and it really was a crazy surprise that the kid's backpack sales took off. As consumers started to understand what it meant to give a STATE backpack (i.e., that we give one for each one bought), people then started to come back and buy a bag for themselves, their husbands, to take to the gym ... that's when consumers

really started to fall in love with our brand.

How are you planning to scale your business?

Jacq Tatelman: We're looking for realistic growth. We're not going to be one of those businesses that talks about doubling and tripling. We're honest about who we are and we're excited about what we see. We're heavily investing in our digital and wholesale businesses. We have a nice digital presence, but we're really going to be investing in digital marketing and growing our e-commerce platform. We're growing year-over-year, which is very exciting, but I think we can really grow and improve digitally, too.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched in the last year?

Scot Tatelman: Our GIVE initiatives are incredible and have really propelled forward. We had a really great initiative last summer in Chicago. We decided we were going to wrap our arms around the city as best we could, or more specifically the inner city, because I was really bothered by the narrative that was going on there — that Chicago's inner city was hopeless and dangerous.

I find it to be very unfair, especially for the kids living in these cities and doing great and rising above the negativity. So

we did a few things. We launched a video on our “What Do We Tell the Kids Platform,” which is basically used as a channel to push out content that bucks various narratives. We then worked with the Chicago White Sox for one of our bag drop events. The team opened up its stadium to us to host the event for kids on the South Side of Chicago, which was amazing. And finally, we donated 35,000 bags with Chance the Rapper around back-to-school season. He was the grand marshal of this historic parade in the city, and we were handing out bags along the entire route as well as various sites during back-to-school. That was an incredible moment for us.

What are your goals for the business in 2018-2019?

Jacq Tatelman: Our main priority from the business side is building our e-commerce platform and digital efforts. We have a personalization program that has been really great for us, and we’re always working on iterating and strengthening that. I think personalization isn’t going anywhere. We’re also working on building the easiest digital platform for people to shop on, as well as taking some of the things that we’re most known for and pushing them into different categories. Having those items be exclusive to our e-commerce site is another thing we’re excited about and working on. We’re also looking into possibly expanding product lines with our prints, which we’re known for.

What types of retail technology are you watching closely and/or thinking of implementing?

Jacq Tatelman: One of the things that specifically works for us is the “try me on” feature that we have. We want to constantly iterate on that. The customer can go on different pages and type in their specs (e.g., height, size), and it gives them a digital representation of themselves. In addition, video on our product pages is something we’re excited about. We want to get the customer as close to the product as possible via the e-commerce site.

What’s your hiring strategy?

Jacq Tatelman: It’s kind of hard to answer that question at the moment. So many people who are on this team are founding members of the business, so they have such a vested inter-

est in who we bring on board, what the next hire is and what the next needs are. We really try to hear everyone out, but at the same time we’re running the business and sometimes we



Scot Tatelman

Favorite books: “When The Game Was Ours,” “Start With Why,” “Just Mercy”

Favorite musician/band: Depends on my mood, but I’ll go with either Black Crowes, Dire Straits, Chance the Rapper, Loggins & Messina, Hall & Oates, Mos Def, and The Greatest Showman

Favorite movies: “The Sandlot,” “Shawshank Redemption,” “13th”

Favorite TV shows: “Comedians in Cars Getting Coffee,” “Rest in Power - the Trayvon Martin Story,” “The Circus”

Hobbies: Wish I had more time to answer this question in a more fun way, but all my free time is spent with my kids, wife and dog. Occasionally I play sports and try not to get hurt.

Family: All day ... a daughter, a son and a dog.

Favorite vacation spot: Martha’s Vineyard or Maine

Blog or podcast that you turn to for inspiration: How I Built This with Guy Raz

Mentors in the retail industry: Neil Blumenthal and my dad

What would you be doing if not working in the retail industry: Running a summer camp for kids, which is actually my side hustle with Camp Power, so I’m kind of getting the best of both worlds!

have to make moves and do our due diligence when the timing isn’t quite right. We try to be as transparent as we humanly can and then some, but also keep in mind that tough decisions have to be made as well.

Tell us about your leadership style.

Jacq Tatelman: It’s an interesting topic for us. We’re a small and scrappy team of 12 full-time employees right now, and we have a very familiar feeling within our office. I’m not sure that it lives in any bucket that I know of right now in a corporate structure. We will maintain our current team until we’ve outstretched a department and/or team. We look at it that we’re small and scrappy, and work really hard to get things done.

Scot Tatelman: Just to add to that, Jacq and I are pretty transparent in that we never started a business before. Yes, we’re five years in, so we’re experienced in the world, but we’re not MBAs. This brand happened because we just wanted to help kids in need. We want to empower our team and help them. We’re all in this together, and we want to empower them. We think that helps our team — them knowing that people from the top down want to empower them and see them succeed.

What’s your forecast for the retail industry in 2019? What should retailers be preparing their businesses for?

Jacq Tatelman: I know retailers are really focused on the influencer market — that’s that feedback we’ve heard. I love retail, so it’s really hard for me to hear that retail is dying. I’m such a shopper, and one who loves the retail experience. I love being able to go into a store to touch and feel the product, try it on and have that experience. I think that retailers need to reinvent themselves to give the customer a more unique experience. For example, you may be following an influencer, what they’re looking for and then have a video representation of how people are wearing the item. That could be exciting. I think Nordstrom bringing in digitally native brands into its storefront is a great example. You’ll be seeing more of that. All of the changes are coming from the digital and social worlds, and retailers need to embrace them. **TR**

Amy Errett, Founder and CEO, Madison Reed



What was the white space in the market that you identified, and how do you believe your company can address it?

The white space was everything about the product. There was no prestige hair color available for women to purchase directly (salons will sell products like shampoo, but they never sell the color). The ingredients in boxed color are terrible — we removed chemicals such as ammonia and PPD. The distribution channel hasn't changed since the 1950s (we deliver directly to your door). And there's an utter lack of convenience or consideration of women's needs, nor any advice or consultation for color selection.

Therefore, our solution to the white space started out being the online business, which is direct-to-consumer, delivered to homes. Now we're taking that same notion of disruption and bringing it to the salon channel. In Madison Reed Color Bars, we use our own products, of course, and the color services are fast and affordable. You can book online with your mobile phone; no more waiting weeks for an

appointment or spending hundreds of dollars. The demand has been through the roof.

What was the “aha moment” when you realized you might have a successful business?

I'd say the aha moment was when we formulated our color and applied it on 14 women in a friend's salon on a Friday night. Thirteen of them were over-the-top thrilled with it. So the aha moment was when I saw how good our product was and what it was like for real women to experience it.

But one woman — my college roommate and dear friend — wasn't as happy, and it became strikingly clear that this is about emotion. Think about it: If you go online to buy a pair of shoes and you don't like them, you might be annoyed, but you put them back in the box, return them, no one knows, and life goes on. But the prospect of someone altering your hair in a way that you're unhappy with? We can't get it wrong. Madison Reed, as a brand, has to stand for authentic-

ity and integrity, which is why we offer a 100 percent satisfaction guarantee.

So that Friday night, I had the aha moment of it's awesome ... and the aha moment of not so awesome. I came to the realization of what's at stake for her.

How are you planning to scale your business?

Four ways: first, gaining more customers and subscribers to the online business. Second, product innovation through things like Light Works, our new ammonia-free balayage highlighting kit. Third, increasing our wholesale business in Ulta Beauty. Lastly, we're going from two Madison Reed Color Bars that are open right now to 25 company-owned stores by the end of 2019.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched in the last year?

In June, we introduced Light Works, which is the first non-ammonia balayage highlighting formula ever created. It has a patent-pending applicator designed by our master colorists, as well as a very innovative toner. The results are incredible. It was 18 months of product innovation, and the formula has no ammonia, parabens, resorcinol, PPD, phthalates or gluten. It's clay-based, and is revolutionary.

What are your goals for the business in 2018-2019?

In our direct-to-consumer business, we've had substantial growth this year, and we're hitting milestone after milestone. With our Madison Reed Color Bars, we will have six retail stores open by the end of the year with predictable unit economics. Looking back at it, 2018 will have been a major growth year in the company's trajectory.

What types of retail technology are you watching closely and/or thinking of implementing?

Artificial intelligence (AI) is something we're working on. All of our technology is proprietary. For our online business, we built our own subscription commerce platform, and in our Color Bar business, we built our own clienteling software that handles everything from appointment booking to labor scheduling to inventory management to CRM functions.

So if a customer has been on our website first, and then she walks into a Color Bar, we know everything

about her hair. Conversely, if her first experience is at a Color Bar, we hand her an iPad and ask her to take the online quiz. Later on, when she's back at home and goes to our website, all her information is there and populated, including what color and products we used on her hair. Most brick-and-mortar retailers don't have a connection between their dot-com business and their four walls. In addition, they don't have detailed information about their four-wall customers. It's rare for those two sides of the house to talk to each other like that. Therefore, it's vital to our customer experience.

Can you share the technologies and service providers in your technology stack?

We do everything internally, and I'm very proud of that. Our engineering team is world-class.

What's your hiring strategy?

One lesson I've learned is that company culture eats company strategy every day. In my work as a venture capitalist, I've seen mediocre teams with great strategy lose. Currently, I spend a third of my time on culture. I feel it's imperative to hire people who align with our company values: joy, courage, love, responsibility, trust.

Right now we need to hire an incredible number of professional, licensed colorists. In the next two years, we will add between 700 and 1,000 people nationwide because of our Madison Reed Color Bars.

Tell us about your leadership style.

I truly believe that if you invest in people — if you lead with love, not fear — the payback is amazing. My leadership style is to empower people to live out their genius, aspire to do so much more than they thought they could, and to love their job. Have professional growth, personal growth and, hopefully, we'll give them financial growth.



Amy Errett

Favorite book: "The Kite Runner"

Favorite musician/band: Jason Mraz

Favorite movie: "The Godfather"

Favorite TV show: "This is Us"

Hobbies: Sports fanatic, skiing, snowboarding, horseback riding, fly fishing. I get refilled by being in nature, so anything that's outdoors in nature is really something I enjoy. And I love wine and cooking, so I'm a foodie too.

Family: My wife, Claire, and my daughter, Madison Reed :)

Favorite vacation spot: Hawaii

Blog or podcast that you turn to for inspiration: How I Built This with Guy Raz

Mentors in the retail industry: Howard Schultz

What would you be doing if not working in the retail industry: Something philanthropic

What's your forecast for the retail industry? In 2019, what should retailers be preparing their businesses for?

I don't think you can run your business with a single channel anymore. Call it "omnichannel" if you will, but whatever the term is, you must be able to meet customers where they are. Our customers live online, primarily on their phone, but they're not going to stop visiting physical stores. I don't subscribe to the theory that retail is dead. I think a certain kind of retail has to reinvent itself. **TR**

Stephen Hawthornthwaite, Co-Founder and CEO; Roth Martin, Co-Founder and Chief Creative Officer, Rothy's



Stephen Hawthornthwaite (l), co-founder and CEO, and Roth Martin (r), co-founder and chief creative officer, Rothy's

What was the white space in the market that you identified, and how do you believe your company can address it?

Stephen Hawthornthwaite: For years, Roth and I watched women struggle to find a shoe they could wear to exercise class, work, dinner and everything in between. Our wives were the perfect example. There was no shoe versatile enough for them in this new age of dressing, where the distinction between work and leisurewear is rapidly disappearing. Roth and I quickly realized there was an entire category of footwear missing and a legitimate hole in the market. By reimagining the flat, we created a shoe where comfort and style can finally coexist.

What was the “aha moment” when you realized you might have a successful business?

Roth Martin: We've always believed in our business and felt passionately about our brand values, but a great initial validation was when Gwyneth Paltrow included Rothy's in her San Francisco pop-up, Goop Mrkt, in May 2016. Being asked to participate demonstrated that there was an entire group of people who shared our passion for a new type of shoe that married comfort, style and sustainability, and that our mes-

sage was really resonating with women.

How are you planning to scale your business?

Stephen Hawthornthwaite: For now, we're focused on expanding awareness, continuing to sell direct-to-consumer via our website, opening retail stores and growing globally. We recently opened our first retail store on Fillmore Street in San Francisco, and expect to start selling Rothy's in China later this year. Also, as new sustainable technologies and processes come to our attention, we're always evaluating ways we can make our business more efficient and preserve our ethical integrity throughout all facets of our supply chain.

Can you tell us about a successful initiative (e.g., marketing, product development, logistics, etc.) your company launched in the last year?

Roth Martin: We launched our Girls collection this July, which offers our loafer in 10 designs for girls approximately five years old to 12 years old. We've been hearing our customers demand “mommy and me” pairs ever since the brand took off. We're really excited for girls to enjoy this shoe. The initial response has been overwhelmingly positive, especially

among our incredibly engaged social following. We will also continue to add new silhouettes for women at a measured pace.

What are your goals for the business in 2018-2019?

Stephen Hawthornthwaite: Focus on building great product and ensure we're delighting our customers. Continue to make talented additions to the team and expand our manufacturing capacity to keep up with the tremendous demand we're seeing. Constantly research and reimagine everyday essentials to meet the various needs of a woman's day.

Can you share the technologies and service providers in your technology stack?

Stephen Hawthornthwaite: We use a proprietary 3-D knitting technology that weaves the fibers of recycled water bottles into a completely seamless shoe. This allows us to create a product with virtually no waste, which is such a prevalent issue in the fashion industry. We're extremely proud of the fact that our shoes are made sustainably and are 100 percent recyclable.

What is your hiring strategy?

Roth Martin: From the beginning, Stephen and I envisioned building a company where the team is passionate about our product and truly excited to come to work every day. So far, we've built an amazing team of talented, hard-working and humble people from diverse backgrounds who love to have fun while growing Rothy's at an extremely rapid pace. As our team continues to expand, we will remain highly focused on keeping our tight-knit culture intact.

Tell us about your leadership style.

Stephen Hawthornthwaite: I really try to keep it simple and flexible: be humble, transparent and approachable. Lead by example and never ask anyone to do something I wouldn't be willing to do myself. Treat everyone with respect without exception. Stay flat and nimble as an organization.

What's your forecast for the retail industry in 2019? What should retailers be preparing their businesses for?

Roth Martin: Consumers are becoming more aware and conscious of companies' ethics, not only in their culture but also in their product and supply chain. With this demand for transparency, we believe there will be an uptick in brands that lean towards more sustainable and ethical business practices in order to make consumers who shop by their values feel confident about their purchase decisions. **TR**

“ From the beginning, Stephen and I envisioned building a company where the team is passionate about our product and truly excited to come to work every day. So far, we've built an amazing team of talented, hard-working and humble people from diverse backgrounds who love to have fun while growing Rothy's at an extremely rapid pace. ”

— Roth Martin

Stephen Hawthornthwaite

Age: 48

Favorite books: "The Wave" and "Shoe Dog"

Favorite musician/band: Rolling Stones

Favorite movie: "Senna"

Favorite TV show: "Seinfeld"

Hobbies: Running, golf

Family: Wife (Erin), son (17), daughter (12)

Favorite vacation spot: Anywhere warm involving a beach or a boat

Blog or podcast you turn to for inspiration:

Masters of Scale with Reid Hoffmann

Mentors in the retail industry: Yvon Chouinard (founder of Patagonia)

What would you be doing if not working

in the retail industry: Learning. Learning to play a musical instrument; learning to paint; writing a book.

Roth Martin

Age: 45

Favorite book: "Shoe Dog"

Favorite musician/band: Grateful Dead

Favorite movie: "Mr. Baseball"

Favorite TV show: "Narcos"

Hobbies: Collecting old stuff

Family: Massive (and everything to me)

Favorite vacation spot: Japan

Blog or podcast you turn to for inspiration:

How I Built This with Guy Raz

Mentors in the retail industry: Steve Jobs

What would you be doing if not working

in the retail industry: I'd start a Japanese restaurant

Truly personal customer interactions across email, mobile, social, SMS and web.

