

Defining Luxury

Four Pillars of Success

An Interview with Robert N. Wildrick,
Chief Executive Officer and Executive Chairman,
Jos. A. Bank Clothiers, Inc.

EDITORS' NOTE Bob Wildrick has been a Director of the company since 1994 and became CEO in 1999. He began his retail career more than 30 years ago with Macy's. Since then, he has worked for Federated Department Stores in various merchandising and operational capacities; was Corporate Executive VP of Merchandise and Sales Promotion for Belk Stores; and served as Chairman, President, and CEO of Venture Stores. He holds B.A. and M.A. degrees from Southern Illinois University.



Robert N. Wildrick

COMPANY BRIEF Headquartered in metropolitan Baltimore, Jos. A. Bank Clothiers, Inc., is a manufacturer and retailer of self-branded tailored clothing, sportswear, furnishings, and footwear for the professional man. Its merchandise is distributed via catalogs, the Internet (www.jos-bank.com), and approximately 400 stores in 42 U.S. states and Washington, DC. The corporation is traded on the NASDAQ under the ticker "JOSB".

Quarter after quarter, Jos. A. Bank continues to prove itself a growth-oriented company. Are you pleased with the growth you have achieved over the last year or so, and will that trend continue into the future?

When we started our growth initiative in 1999, we made less than \$1.5 million net profit. Last year, we made more than \$43 million. We also ended the year with approximately \$43 million in cash in the bank. We funded all of this growth from cash generated by operations and periodic borrowings. We now have virtually no debt, we're very cash-positive, and we predict that our balance sheet will continue to be strong. We believe we have an opportunity to increase our retail footprint to between 500 and 600 stores, compared with the approximately 400 now open. We see considerable growth potential for the company.

Strategically, there are at least three things we can do with our accumulated cash: one, we can pay a dividend; two, we can buy back stock; or three, we can buy another company. Of course, as with any growing company, there are always internal uses for cash as well. At the moment, we are looking at what would be best for our shareholders in the long run.

How do you define Jos. A. Bank's target market?



We have just under 2 percent of all the menswear business in the United States, with a more significant percentage of the market in suits. We see opportunities to grow at a faster rate in the 35-to-45-year-old demographic, and we will be marketing more to that group. We have no plans to become lower-priced, and if anything, our prices will rise slightly going forward. We put a lot of quality – more than most people – into our product. The customer gets a heck of a value in our product, no matter how you look at it.

Some people equate quality with price; yet your prices remain reasonable. How can you provide high-quality products at those price points?

We're a vertically integrated manufacturer – not just a retailer. We do business in more than 20 countries. We design the products, we buy or designate the piece goods, and we contract sew merchandise around the world. We send our technicians to work with our various production lines to make sure the quality is there, and we have at least three quality inspections – one during production, one after production, and one at the distribution center. Everything must meet our exacting standards before we send it to the stores. Quality is one of our "four pillars of success," as we call them. So we work very hard on that everyday.

Are you selling many products via the Internet?

Our Web site generates about 7.5 percent of our business. It has grown dramatically. We plan to continue growing our Web sales at double-digit rates. We have one of the broadest, if not the broadest, selection of suit separates in the industry. Our customers use our Web site to build their own suits in sizes ranging from 35 to 56 in a wide variety of fabrics and styles. Actually, 31 percent of our Web business is in suits. Once a person buys our product and sees that the sizing is extremely consistent, they feel comfortable buying from us on the Web.

How important is innovation to the success of the brand?

Another one of our strengths – one of our pillars of success – is innovation. I don't believe there's another brand even close to being as innovative as we are. We were among the first to offer wrinkle-free, stain-resistant, 100-percent-cotton shirts. We also offer our "Stays Cool"

products, including quick-wicking cotton and special linings, to keep our customers cool in their clothing. But our innovation must be practical, valuable, and something that the customer understands – it can't just be gimmicky. So we try to make sure our innovations add value. We work on that everyday.

You mentioned quality and innovation. What are the other two pillars of success?

We call them "service" and "in-stock." Part of our mission is to provide outstanding customer service throughout our multichannel retailing concept – in our stores and through our catalog and Internet operations. We are also one of the only – if not the only – company that delivers Web orders by two-day UPS with no premium charge over normal shipping. Our customers love to get their orders right away. There's nothing we won't do for our customer.

In terms of the "in-stock" pillar, 91 percent of our Internet orders are available immediately and not subject to back orders. That's much higher than the industry standard. We have very good computer replenishment systems for our stores and we carry more inventory than a pure fashion retailer. It's our goal to make sure our basic merchandise – blue blazers, white and blue button-down shirts, etc. – will always be available in our extensive size ranges. We're fanatical about keeping items in stock.

You seem to have an awful lot of energy and dedication when it comes to the Jos. A. Bank brand. Do you ever plan to leave the company?

My agreement is to stay with the company through the end of fiscal 2008, and I have made no commitment to stay or leave beyond that agreement. Frankly, at this point, I'm concentrating most of my time on ensuring this is the best-run company of its kind in the world. I spend my time trying to raise the bar – improve the business, our quality, our service, our products, our profitability, and the lives of our associates and shareholders. That's what I spend my time on. I haven't really thought much about Bob Wildrick lately. ●

Jos. A. Bank clothes the casual, the fancy dressed, and the businessman under one roof.