

## Two at the Top

An Interview with James F. McCann, Chairman and Chief Executive Officer, and Christopher G. McCann, President, 1-800-FLOWERS.COM

**EDITORS' NOTE** Jim McCann has been in the floral industry since 1976, when he began building a chain of retail flower shops in the New York metropolitan area. He acquired the 1-800-FLOWERS phone number and renamed the company in 1986, launched the company Web site in 1995, and took the company public in 1999, renaming the firm once again. A published author and award-winning public speaker, McCann is a member of the boards of directors of Willis Group Holdings Limited and Gruppo Lottomatica.

Prior to assuming his current role with 1-800-FLOWERS.COM, Chris McCann served as the company's Senior Vice President. He serves on the board of directors of Bluefly, Inc., and is a member of the board of trustees of Marist College.

**COMPANY BRIEF** Beginning as a retail flower shop in 1976, Carle Place, New York-based 1-800-FLOWERS.COM is now one of the most recognized brands in gift retailing, providing flowers, plants, gourmet foods, candies, and gift baskets to customers around the world via the Internet ([www.1800flowers.com](http://www.1800flowers.com)), telephone sales, and an international network of company-operated, franchised, and partner stores. The company maintains strategic online relationships with AOL Time Warner, Yahoo!, and Microsoft Corporation, among others.

### How has 1-800-FLOWERS.COM maintained its success even with the economic downturn?

*Jim:* We've been at this for more than 30 years now, and we've seen lots of good times and a few challenging periods. In good times you grow a little faster, and in bad times you grow a little slower, but we've always been able to grow. First, we try to grow our relationships with our existing customer base by expanding and refining our products, offering things that are appropriate for a high-end gift and flower shop anywhere in the country to carry. Second, we try to birth new services that our customers might be able to benefit from, in our attempt to help them to express themselves and connect to the important people in their life, for instance, through 1-800-BASKETS, which is a beautiful gift basket company, and Greatfood.com, which is for gifting great food products. And the third way we grow is by acquiring appropriate companies that can flesh out our product and service offerings. We purchased a chocolate company some time ago, and we also purchased some assets to help in the gift basket area.



James F. McCann



Christopher G. McCann

*Chris:* Priority number one is to take care of our customers. I know, understand, and make sure we service our customer, and I look to forge a deep familiarization with our existing customer base, because in a difficult economic time, acquiring new customers is more difficult to do. My number two focus is to be relentless in reducing our operating expenses. My third focus is to make sure the people running our businesses day to day do not forget about innovation for the future. Those innovations very often result in business development efforts like launching new businesses and brand extensions.

### Is the public aware of the breadth of your product and service offering today?

*Jim:* We want to be seen as the very best florist in the world, and we want to be seen as your florist and gift shop. To do that, we have to carry the right range of products and gifts. I don't think the public cares whether or not we own a chocolate company, but we do because we want to offer the very best selection of chocolates. We carry Godiva, and we own Fannie May, an American-style chocolate company with more moderate price points. We have a responsibility to offer the very best products and brands, but the public doesn't know or care if we own those brands.

### When does 1-800-FLOWERS.COM launch its own brand, instead of acquiring an established one?

*Jim:* Sometimes there's not a company out there to acquire, so we are forced to birth it, like we did with 1-800-BASKETS and Greatfood.com. Since launching 1-800-BASKETS in November 2007, we realized we could support it by acquiring established companies with infrastructure and talent in place. So while it started organically, we were able to get it going more quickly through acquisitions.



### What prompted your recent partnership with Martha Stewart?

*Chris:* We started to look at our brand and realized our customers were looking for a certain aspirational element in their floral arrangements.

*Jim:* Seven years ago, Chris started a program of inviting terrific, well-known floral designers into our shops, and we always said the ultimate guest floral designer to have would be Martha Stewart.

*Chris:* And customer research proved that no other celebrity or designer is better suited for our category.

*Jim:* She does a wonderful job of designing creative products, and we are able to distribute these beautifully handcrafted arrangements all over the world – the same or next day. She's very excited about getting into the basket business with us, and we'll launch some Martha Stewart 1-800-BASKETS products this holiday season.

### Do you expect strong international growth for your brands?

*Jim:* Of the \$1 billion in business we did, about \$50 million is international. We expect that will continue to grow at a very steady, deliberate pace in the years ahead.

### Who is your typical customer?

*Chris:* Our typical customer is 35 to 40 years of age, a young mom with a couple of young kids. She is very thoughtful and is stimulated by last-minute opportunities. She has different gifting opportunities throughout the year. So we need to provide opportunities for her to utilize our capabilities at a broad range of price points. What she sends to her mother for Mother's Day will be quite different than the box of chocolates she'll send to her child's teacher for her help over the school year.

### You seem to complement each other well in your respective roles. Was that a natural progression as the business evolved?

*Jim:* When you look at our different skill sets, Chris is much better at running the company and managing budgets, but I'm much better at managing people. So we have complementary skill sets, which has helped the evolution. Our mentors strongly encouraged us to work with the concept of "two at the top." It's very difficult to engineer, but when it works, it works very well. So we've deliberately fashioned our partnership with that concept in mind. ●

*Martha Stewart Casablanca Lily and Evergreen Bouquet, available from 1-800-FLOWERS.COM*