

Designing a Better World

An Interview with Farooq Kathwari, Chairman, President and Chief Executive Officer, Ethan Allen Interiors Inc.

EDITORS' NOTE Farooq Kathwari has been Chairman and CEO since 1988. He serves in numerous capacities at several nonprofit organizations including the Board of Overseers of the International Rescue Committee; the advisory board of the Center for Strategic and International Studies; and the Council on Foreign Relations. He is Chairman Emeritus of Refugees International; an advisory member of the New York Stock Exchange; former Chairman of the National Retail Federation; Director Emeritus and former



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Chairman and President of the American Home Furnishings Alliance; a Director of the Institute for the Study of Diplomacy at Georgetown University; Co-Chairman of the Muslim-Jewish Advisory Council; and a member of the International Advisory Council of the United States Institute of Peace. He served as a member of the President's Advisory Commission on Asian Americans and Pacific Islanders from 2010 to 2014 and was tapped to join the congressionally mandated United States Institute of Peace bipartisan Task Force on Extremism in Fragile States co-chaired by Governor Tom Kean and Congressman Lee Hamilton, who formerly led the 9/11 Commission. Among his recognitions, Kathwari is a recipient of the 2018 Ellis Island Medal of Honor and has been inducted into the American Furniture Hall of Fame. He has been recognized as an Outstanding American by Choice by the U.S. government. He has received the Yale School of Management's Chief Executive Leadership Institute Lifetime of Leadership Award; the National Human Relations Award from the American Jewish Committee; the National Retail Federation Gold Medal; and Ernst & Young's Entrepreneur Of The Year™ Award. He has also been recognized by Worth magazine as one of the 50 Best CEOs in the United States. Kathwari holds a BA in English literature and political science from Kashmir University, Srinagar, and an MBA in international marketing from New York University. He is also the recipient of three honorary doctorate degrees.

COMPANY BRIEF Ethan Allen Interiors Inc. (ethanallen.com) is a leading interior design company and manufacturer and retailer of quality home furnishings. The company offers free interior design service to its clients through the efforts of approximately 1,500 in-house interior designers and sells a full range of furniture products and decorative accessories through its website and a network

of approximately 300 Design Centers in the United States and abroad. Ethan Allen owns and operates nine manufacturing facilities including six manufacturing plants in the United States, two manufacturing plants in Mexico, and one manufacturing plant in Honduras. Approximately 75 percent of its products are made in its North American plants.

How do you define Ethan Allen's mission and purpose?

In our Design Centers, plants, and distribution centers, we all do our part to help our clients design more beautiful homes. As a company, our greater mission is to design a better world. Our purpose is to operate a socially responsible enterprise that is respected by our associates and everyone we deal with.

Treating people with respect and dignity will always remain relevant throughout our vertically integrated operation. Many years ago, I introduced 10 Leadership Principles that continue to guide all that we do, even today. The principles of Leadership, Hard Work, Priorities, and Justice remind us to set an example

that others can follow, to have a good work ethic, to focus on what's most important, and to make fair and thoughtful decisions. Twenty-first-century business requires agility, so we have principles governing Speed, Change, and Excellence + Innovation. We also prioritize Accessibility, Confidence, and Client Focus at all times.

What have been the keys to Ethan Allen's ability to stay relevant for 90+ years?

Two words: constant reinvention. We've continued to adapt our product mix, style, manufacturing, interior design, and technology both to meet our clients' expectations and to fit the current business environment.

More than 90 years ago, we focused on early American designs. Today, our core philosophy of "classic design, modern perspective" keeps us at the forefront of American style. We design our products, manufacturing about 75 percent of them in our workshops, and sell them all under one Ethan Allen name. People all over the world associate Ethan Allen with quality and craftsmanship. It's one of the reasons we were recognized by *Newsweek* and Statista as America's #1 retailer in Premium Furnishings.



Ethan Allen Desmond dining room (above) and Mansfield living room (opposite page)



Another advantage: Because we manufacture so much ourselves, we offer our clients a large range of custom options. Through the personal service of our interior designers, combined with our 3D room planning technology, clients can navigate these options easily. We balance an adherence to the qualities that make us strong for the long term with the ability to reinvent ourselves and adapt to our clients' changing needs. In this way, we continue to satisfy our core clients while introducing our brand to new generations.

Will you discuss the repositioning of the Ethan Allen brand that you are leading?

We had the insight to rebrand ourselves “the interior design destination” because we recognized that our team of more than 1,000 interior designers does more than just place furniture in homes. They provide whole-home interior design solutions for our clients.

This insight has prompted us to completely reinvent the look of our Design Centers. We've always been proactive in terms of seeking out the best markets; after all, almost half of our current Design Centers are either new or have been relocated over the past 10 years. But now, no matter where they are in the U.S. or Canada, our Design Centers are speaking with one voice in terms of projection. We're marking this transformation with Grand Reopening celebrations all over North America.

Clients can now come into a Design Center, no matter its size, and find incredible resources – furniture, fabrics, accents, window treatments, and more – plus state-of-the-art technology that enables them to preview the future of their homes in 3D and 4K. With the help of an interior designer, our clients can do much more than shop for furniture: They can transform their homes into something more beautiful than they ever thought possible.

Will you provide an overview of Ethan Allen's retail network and the Grand Reopenings that are taking place throughout the retail network?

Our retail network is unique because it's comprised of both corporate-owned Design Centers

and independent dealers, many of whom have been part of our family for decades. We have about 170 Design Centers within the U.S., supported by 10 manufacturing plants and served by a logistics network consisting of three distribution centers and more than 50 local service centers. In addition, our international partners operate more than 100 Ethan Allen Design Centers.

When clients visit our Grand Reopenings, they will see that even our smaller Design Centers have projections that show the scope of what we offer, from formal to casual to modern, along with programs like custom dining. Then, through our touchscreen previews and our 3D room planning, along with our library of samples, we help clients create interior designs and customize products to their liking – design is truly at the center of every experience.

How important is it for Ethan Allen to be a vertically integrated company as you continue to establish Ethan Allen as the interior design destination?

When other companies chose to move their manufacturing overseas, we remained committed to making our products in North America. We still make about 75 percent of our products here in our workshops. As a result, we continue to control our own destiny: We design our products, we craft most of them ourselves, and we own the Ethan Allen experience from design to delivery. I mentioned the manufacturing and logistics that support our retail network: We offer delivery at one cost nationally – few companies can do that.

How is innovation and continuous improvement embedded in Ethan Allen's culture and values?

We would not have been around for more than 90 years, and been profitable for all that time, without a focus on innovation. It's embedded in our culture across our enterprise, at every level. I mentioned the Leadership Principles before – many of our initiatives regarding process improvements, sustainability, and more have begun not at corporate headquarters, but in our plants and our Design Centers. This is because we encourage every associate, regardless of what job they do, to have an entrepreneurial attitude.

How important is it for Ethan Allen to build a diverse and inclusive workforce to mirror the diversity of its clients and the communities it serves?

We're a global enterprise with locations all across the world, from manufacturing to retail. Therefore, we have a workforce that reflects a range of locations and perspectives. We have cultivated diversity as an overall goal – for example, in fiscal 2023, 69 percent of our retail leaders and 58 percent of our headquarters leaders were women. As a U.S. government contractor, we are an Equal Opportunity Employer.

In addition, we work to recruit a diverse group of interior designers that represent their communities; for example, where it's important to our clients, we recruit designers who are multilingual. Because designing a home is a very personal endeavor, we want our clients to be able to connect with designers they can relate to and trust.

What are your views on the future of interior design, and what will be the keys for Ethan Allen to remain at the forefront of the industry?

The unique way that we combine technology with personal service strengthens our position as the interior design destination, and it helps us to adapt to the ways that homes and lifestyles are changing. A client's home has to do more jobs than ever before. Our clients may like to entertain in a formal way, but they may also have children and pets at home. They may work remotely, so they need home office space that supports their livelihood. We provide interior designs that fit their lifestyle.

No one can predict the future perfectly, but I think our technology, our talent, and our one-on-one relationships with our clients make us uniquely positioned to adapt to whatever the future of interior design may be.

What do you feel are the keys to effective leadership and how do you describe your management style?

My attitude as a leader was shaped by my youth, when I was the captain of my university's cricket team. As captain of the Ethan Allen team, it's my job to set our objectives and to keep us focused; it's also my job to make sure the right people are in the right positions throughout our enterprise.

As a business leader, I work to develop a motivated and talented team and to ensure we remain relevant in various aspects of our vertically integrated enterprise. When you have talented people who are entrepreneurial but also disciplined, you can meet any business challenge, now and in the future. That's why I challenge my team to look at five things every week: talent, service, marketing, technology, and social responsibility. You wouldn't think they have a lot to say from week to week, but they always do.

What advice do you offer to young people beginning their careers?

My biggest piece of advice is this: Work hard and assume that what you're doing now is the only job you'll ever have. Don't wait to reach a certain level and then decide to start working hard. Tomorrow's bright future is built on the good habits that you prioritize today. ●