

The Design Experience

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



Farooq Kathwari

Emeritus and former 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 purpose and mission?

We are proud to celebrate the 92nd year of a business that began as a furniture manufacturer in the Green Mountains of Vermont and has evolved into a global, vertically integrated enterprise. We continue to manufacture about 75 percent of our products in our North American workshops. Our retail locations, which we call Design Centers, have evolved to deliver a unique experience that combines the personal service of our interior designers with state-of-the-art design technology.

We have repositioned Ethan Allen as the Interior Design Destination, where people can

make their homes more beautiful than they could have ever imagined. We offer great style, built on classic design from a modern point of view, and excellent values, running our business in socially responsible ways. We do all this while continuing to deliver the quality we have been known for 92 years and counting.

Ethan Allen is guided by a core set of leadership principles. Will you highlight these principles and how deeply engrained they are in Ethan Allen's culture and values?

The ability to constantly reinvent the way we do business stems from having the right mindset. That's why you'll find a copy of our Leadership Principles almost anywhere you go at Ethan Allen; they've been part of our DNA for more than 30 years.

Our associates are known for their work ethic, their ability to react quickly at pivotal moments, their willingness to embrace new opportunities, and their determination to strive for the highest quality while embracing an entrepreneurial spirit. At the same time, we never stray from core principles: treating others with dignity, making fair decisions, and putting our clients first. We lead by example, differentiate big issues from small ones, and empower others to do their best. All these behaviors are rooted in our Leadership Principles, which have been around for a while yet still equip us to meet the challenges of the future.

How critical is continuous improvement and constant innovation to Ethan Allen's success?

Consumer demands and circumstances can change quickly, as we learned during the pandemic. We were able to meet many of those challenges because we manufacture most of our products, about 75 percent, in North America. There are advantages to being one brand, vertically integrated from product concept to manufacturing and logistics, then to retail. To stay successful, we have to be careful not to grow complacent, but to look for ways to constantly improve and reinvent what no longer works.

One way we've disrupted ourselves in the past year is by transforming the look of our Design Centers. We refreshed our projections but, in many cases, we're showing fewer of them because we can do more with less thanks to design technology. We're more focused than ever on the design experience – working with our interior designers to plan room layouts in our 3D planner, looking at fabric and finish

“Shaping the future means thinking of new ways to work with clients and giving them an experience they won't find anywhere else.”



Ethan Allen living room furniture

samples as they customize each piece, using workstations with large screens. We're developing technology to help clients preview how any fabric will look on any upholstery frame, and our designers increasingly use our Virtual Design Center to shop alongside their clients.

To be the "interior design destination" means being the one place people want to go to most for all their interior design needs. Shaping the future means thinking of new ways to work with clients and giving them an experience they won't find anywhere else.

You talk about people and talent as a key differentiator for Ethan Allen. What do you look for when bringing in talent and will you discuss Ethan Allen's commitment and investment in its workforce?

We start by looking for people who already embody our Leadership Principles; it's easier to bring in someone who's already a natural fit for our culture. We look for designers who represent the communities in which they live and work, whether that's in downtown Chicago or Kuwait City. We also look for people who can design in all kinds of styles and have a drive for continuous learning and growth, whether they're taking advantage of our education and training to learn new technology tools or sharing grassroots outreach ideas for both in-person and digital spaces.

We expect our associates to meet clients where they are, to work the ways clients want to work now, and to ensure that they remain accessible to our clients from design concept to delivery day. At the end of the day, you have to love working with people if you want to be successful in a retail environment.

As Ethan Allen continues to grow in size and scale, is it more difficult to maintain a culture of innovation and entrepreneurial spirit within the company?

We have actually been able to grow leaner in recent years thanks to technology

innovations both in our manufacturing and in retail. I mentioned the physical space of our Design Centers being smaller because we are able to do more in less space. We also have a smaller team of interior designers who write the same amount of sales as we used to write with a much larger team.

Maintaining an innovation-oriented culture and entrepreneurial spirit, again, comes down to people. If you hire people with the right attitude, they're internally motivated, and they motivate one another.

How is Ethan Allen approaching the need to invest in new technology while making sure not to lose the human touch?

Any technology that we develop is born for one purpose: to better serve our clients. We don't have touchscreens in our Design Centers just to have them; they're for our interior designers and clients to research products together. Our 3D room planner helps clients preview their product and collaborate with their designer in real time, so they feel confident about placing an order, and they feel their ideas have been heard and incorporated. When our digital team works to develop new tools, they base their decisions on feedback from the field, asking what's needed to ensure our designers can serve their clients better. Putting clients first when making business decisions is the key to great personal service in any retail environment.

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

Although the language of interior design is universal, we make it a priority in our recruiting initiatives to ensure that clients can come into our Design Centers and see themselves reflected within our workforce. American demographics are changing, and our workforce has to evolve to change with them. The future of retail is a future in which people of all backgrounds have

access to terrific products and a welcoming experience. I grew up in the beautiful mountains of Kashmir and became an American by choice, so I have great respect for the diversity and opportunity that America represents; as a quintessential American brand, we share those values wherever we do business.

What do you see as Ethan Allen's responsibility to be engaged in its communities and to be a force for good in society?

We say all the time that we are a proud American brand, and if we want to assume that mantle, we have to lead by example. We work to be a force for good both in our communities and in our suppliers' communities through our social responsibility initiatives which ensure that all people who work with us, and those we work with, are treated with dignity and respect.

In our upholstery plant in Mexico, for example, our associates can access transportation to work, affordable meals, and free medical care. For four consecutive years, our workshops have been recognized as Empresa Socialmente Responsable – Environmentally and Socially Responsible – by the Mexican Center for Corporate Philanthropy and the Alliance for Corporate Social Responsibility. Our standards for dignity and justice are the same throughout our company no matter where our associates are located.

Clients have higher expectations than ever; particularly younger generations of clients look behind a company's façade and want to know what the company's values are and whether they do business in socially responsible ways. The future of retail, then, isn't just about great products and innovative technology; it's about embracing values that are congruent with what matters to our clients.

What do you feel are the keys to effective leadership?

I believe that a leader's job is to make their people better. I have regular conversations with my teams of leaders where we focus on areas like talent, technology, social responsibility, marketing, and more. They know they are expected to bring items to report to me and to show progress as they develop their own teams. I also take the time to personally respond to what we call internally WOW stories – stories of exceptional work by our designers or top-notch service to our clients. Being accessible, leading by example, empowering others – the Leadership Principles work because I follow them, too.

Ethan Allen has achieved great success under your leadership. Are you able to enjoy the process and take moments to celebrate the wins?

As I have stated, the main job of a leader is to help their people become better. The win I celebrate most is having the chance to see our teams thrive and grow. Last December, our associates presented me with an award recognizing my 50 years of history with Ethan Allen, from back when I first formed a joint venture with the company to my 36 years in leadership. Much has changed in my tenure, but we remain strong, innovative, and focused on the future. As I always say, we are just getting started. ●