

Helping People

An Interview with Jay L. Schottenstein,
Chairman, Schottenstein Stores Corporation

EDITORS' NOTE In 1976, Jay Schottenstein joined Schottenstein Stores Corporation (SSC), the business of which his father, Jerome, was one of the founders and where the Schottenstein family established its retail roots. He has served as Chairman of the Board of Directors of SSC since March 1992, and as Chairman and CEO of SSC-owned American Signature, Inc., which consists of Value City Furniture and American Signature Furniture Stores. Schottenstein has served as



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Chairman of the Board of Directors of American Eagle Outfitters since March 1992 and is currently its CEO. He is also Chairman of the Board of Directors of DSW Inc. since March 2005. From that date until April 2009, Schottenstein also served as Chief Executive Officer of DSW Inc.

You've been associated with and continue to lead many great brands within their markets. What is the key to having a brand remain innovative and what makes a brand sustainable in a leadership position today?

The brand has to stay true to its core values; it must have consistency of what it stands for. It needs to have a clear mission statement to accomplish this. What made it special to start with? That history created certain values with customers, and the brand has to be true to those values.

At the same time, a brand has to be innovative to remain relevant in an ever changing environment.

Does it make it harder to be innovative when you get to a certain size?

A company has to have management who are willing to continually challenge themselves. Today everybody reacts very quickly. No matter how good you are, things may change tomorrow. The world changes so quickly that a company has to keep challenging itself and remain motivated. Management cannot rest on their past accomplishments because someone else will step in and take the lead.

Are there certain links that tie together the brands you're associated with or is it about finding a brand that you can grow and transform?

I'm very fortunate to be associated with American Eagle Outfitters, DSW, and American

Signature Furniture/Value City Furniture, to name a few of our affiliated brands. Some of these brands have been around for many years – American Eagle started in 1977; DSW started in 1990; and American Signature Furniture/Value City Furniture started in 1948. Our brands have been able to adjust with the times because we endow a certain culture in our companies for our associates. We continue to focus on knowing where our position is, why we're in business, how to best serve the customer and what the

special niche is that we give the customer. If we can't define that, then we won't continue to be relevant brands.

What do you tell young people today about the opportunities retail offers and is it challenging to get top talent?

Years ago, in the retail business, there were many different retailers and department stores. At one time, every city had a different department store – every city had their specialty stores that were different than other cities, and there were certain retailers in the country that had great training programs and developed talent. There was a bigger talent pool because of this.

Today, there are only a few retailers and it's a different training. Years ago, people were

trained to be complete merchants. They knew how to run stores; they understood how to do marketing; they understood the buying process – they had to be involved in all of the different processes.

Things are more specialized now so it's harder to find a person that really has his or her eye on all parts of the business unless that person is homegrown and comes up the ranks with us. Our biggest challenge is the development of people.

Retail is a great industry. But it takes commitment to learn the discipline. If someone wants to be in retail and that person is committed, there is great opportunity. A person needs to be willing to commit the time to get to know the field. It's not for someone who wants a 40-hour work week and to be on a certain schedule. To really understand the retail business, he or she has to dive into the different aspects and understand the customer, as well as be able to understand how the customer comes in during the day, at night, on holidays, and weekends, and we have to be there all of those times.

You cannot do it by being in an office. To learn all aspects, you have to learn how to talk with the customer and wait on the customer. At the same time you have to understand how to buy and understand store operations. In the long run, to be successful, you have to put your

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time and energy into the retail business. If you don't, you won't be successful. But if you do, it can be a very rewarding business; you just have to pay your dues.

You've built brands that are based on understanding the customer relationship. Is brick-and-mortar still relevant today and will there be a need for it in the future?

Brick-and-mortar is still as relevant today as it was in the past. Even the internet brands are trying to figure out how to have a certain amount of brick-and-mortar.

Today, it's one channel, and that channel crosses over into all areas. To be successful in retail, we have to understand how our customer wants to engage with us. Retail e-commerce is growing. At the same time, we have to understand brick-and-mortar too. The challenge is getting the right combination of stores, the right location for stores, and the right interaction with our customers. To enhance each other, each channel should be incremental on its own. That is the challenge – what is the right balance? It's definitely a new age of retail so everyone is working at that right now.

We have a customer who has grown up with all of the tech devices, and relies on them and understands how to shop with them. Our job is to know how to communicate with the customer at all levels, be it via social or traditional with brick-and-mortar.

Would you talk about where your philanthropic drive came from and how critical that type of work is for you?

Fortunately, I came from a family where my parents were always involved in the community, always gave back, and always encouraged us to do so.

I grew up in a family that believed in the importance of community and believed in the importance of helping people. If God blesses us, we have the obligation to help others.

There are many who are great at business but find philanthropy challenging. Do the same skills that are necessary in business apply to philanthropic work?

The skills do translate because in order to give money to charity, I have to know how to make money.

At the same time, we want to make sure we give in a responsible way. In the same manner we put energy into making money and running a business, and making sure our business acts and performs in a very professional way, we have to make sure the charities we give to are just as responsible as the business. We need to know they understand their responsibility to use donations in a proper way to maximize the support they provide to people.

Is it more about having a sharp focus on a smaller number of areas where you can make the most impact or is it about reaching as many areas as possible?

There are people who specialize in only certain types of charities. My family has been very fortunate that we are able to support many different types of charities. There are different ways to reach people and different ways to help people. We have been pretty eclectic in that we support many different types of charities – Jewish charities, secular community charities, hospitals and healthcare institutions, education, museums, community shelters, food banks, and other needs.

We believe that God helps guide us towards certain charities. What we really do is invest in the people who run the charities. If we feel they are responsible, accountable, and transparent, then we give them the support. If they are not the right people, we won't be supporting them.

Do you feel that addressing real need will have to come from the private sector or public/private partnership?

I believe the private sector can do it better than the government any day of the week and with more passion.

At day's end, if we have individuals giving to a charity who are involved in the charity and have passion for the charity, they will do more for that organization than any government can do. The public sector can help but it is the private sector and its passion that can make the difference.

As you look at where to spend time, money and resources, is one of your priorities still the management and leadership of an organization?

It's very important because if we give it to the wrong people, that money won't be used efficiently or effectively.

If we invest in people who are dedicated to the cause and this is their life's work, we know our dollars will be used properly.

From a business point of view, for the companies in which you lead, how important is it within their cultures to have a focus around purpose and for those to be purpose-driven brands?

One thing we're proud of is that as well as what my family does privately, each of our companies has their own charities they support. Our businesses and associates are diverse so their charitable interests are quite varied. We have companies that are very active in food pantries and soup kitchens, so people don't go hungry. We have other companies involved in health organizations so people get better healthcare. We also have brands that focus on women's and diversity issues.

Each of our companies has identified different charities they support. Many of our key associates and executives give their personal time to help: be it volunteering in the food pantry to distribute food or giving their time at a university for certain activities, or being involved in the different United Way projects. They get involved to help improve other people's lives.

It's very important that our people have a core belief in helping other people. It isn't about how much money we can make but how much good we can do.

These are not issues that have a short-term result. Are you able to take moments during the process and celebrate the small wins along the way or is it always about what's next and how to raise the bar?

Fortunately for me, I've been able to see the results of some of the projects we've supported. My father, of blessed memory, began support and my family continued support of the Schottenstein Talmud, which has changed Jewish education worldwide. We see hundreds of thousands of people using it on a daily basis. I'm grateful to hear from so many people how The Schottenstein Talmud has changed and impacts so many people's lives.

Also, many years ago we made a contribution to the Center of Science and Industry (COSI) to set up exhibits about how to identify diseases, such as cancer, through self-examination. When we went there for the opening of the exhibit, there was a booth geared towards identifying certain types of cancers that was brought to my attention.

They told me one of the volunteers was a 14-year-old boy. They said they were taking him through the exhibit and showing him how to do the test. He did an exam on himself and discovered he had an early stage cancer. They were able to cure it right away. If he didn't come and see that, who knows if it would have been too late when he finally found out about the cancer. So we saw the results of our and his effort right away. ●