

# The Ethan Allen 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



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Retail Federation; Director 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 BAs 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](http://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?

Our purpose is to improve every client's quality of life by helping them create a place they'll love to come home to every day. We achieve this by greeting every opportunity with an entrepreneurial attitude, staying focused on long-term growth, and treating our associates, partner vendors, and clients with dignity and justice. This mindset is critical to remaining both profitable and relevant amidst the constant changes taking place in the world.

## Will you provide an overview of the history and heritage of Ethan Allen?

Ethan Allen got its start in 1932 in Vermont, in the depths of the Great Depression. Two entrepreneurs from New York purchased a sawmill in Beecher Falls, a village in Vermont's Northeast Kingdom, and the adventure began. They convinced major department stores to establish dozens of Ethan Allen galleries so that clients could see our products in room settings. They then established freestanding Ethan Allen galleries around the country.

In the 1990s, we expanded our offerings from the early American styles we were known for, offering a wider range of designs that were more relevant for the time. We made major changes to manufacturing and logistics in North America, relocated stores to more relevant locations, and began offering complimentary interior design service, which we've enhanced over time with the use of technology.

**Ethan Allen was built on a culture of innovation since its founding 90 years ago. Will you discuss Ethan Allen's commitment to innovation and the role that innovation has played in the brand's strength and leadership for the past 90 years?**

Our philosophy of innovation is built on one of our core Leadership Principles – Change – which reinforces the need to embrace new opportunities. We stay focused on the core brand differentiators that have always given us strength, investing in innovation in ways that make those differentiators even stronger.

For innovation to succeed, it has to become part of the culture. Therefore, to find those opportunities, we constantly review every area of our operations. Every week, about 40 percent of our key leaders report on five key areas: the steps we're taking to attract and cultivate talent; service initiatives across all areas of our enterprise, including manufacturing, logistics, and interior design; marketing improvements at national, regional, and local levels, including both innovative messaging and offerings; technology innovations, which are critical in all areas from manufacturing to the work of our designers; and social responsibility initiatives across all levels.

## What have been the keys to remaining innovative and entrepreneurial as Ethan Allen has grown in size and scale?

To maintain a single enterprise for 90 years and be profitable through all that time requires leaders and supporters, at all levels, to have an entrepreneurial attitude. Circumstances continuously change, but if we maintain our entrepreneurial thinking, we will always remain innovative.

We are on an ongoing quest to be relevant – this is a focus that has to be evident throughout our organization – and we remain relevant by responding quickly to change. When consumer tastes change, we change our offerings; when markets change, we relocate our retail Design Centers; when consumer demand changes, we reposition our manufacturing.

## Why has it been so important for Ethan Allen to remain committed to North American manufacturing and logistics for its 90 years of existence?

Over the last 25 years, many businesses have rushed to offload manufacturing to overseas vendors. We've always believed that it makes sense to control our own destiny; that's why we manufacture most of our own products in addition to operating retail Design Centers.



*Ethan Allen's Westport Design Center*

When I became President, we operated 30 manufacturing plants, each purchased in different time periods – a very inefficient way of doing business. We decided to manufacture our case goods in Vermont and our upholstery in North Carolina. We also established strong manufacturing bases in Central Mexico and Honduras. Today, our focus on North American manufacturing has become a great competitive advantage because crafting most of our products empowers us to manage the Ethan Allen experience from concept to delivery.

**How is Ethan Allen combining interior design service with technology to shape the next 90 years of design?**

The introduction of our 3D Room Planner in 2019 turned out to be a game changer in 2020 when COVID-19 kept our designers from meeting with clients in our Design Centers or visiting their homes. It's a change that has persisted even as we've transitioned to a new post-pandemic normal: Most design projects start with that 3D room plan. In fact, by the time they've come to the Design Center, most clients have already been talking to their designer via e-mail or video chat, and our 3D Room Planner makes that digital conversation possible.

We see the future of design as collaborative. Thanks to technology that enhances the personal service of our designers, clients have an exceptionally realistic preview of their proposed design before they place their order. They can consider more carefully how every element, from furniture finish to window treatment, will fit their lifestyle; many use the 3D room plan to get feedback from family and friends. Because they're more involved, they tend to be more satisfied with the results, and they build a partnership with their interior designer that often turns into a years-long relationship.

**Will you highlight Ethan Allen's commitment to being socially responsible and sustainable as it looks to its next 90 years?**

Our goals remain what they have been: to create products for the home in a way that honors our planet, the home we all share, and to champion fair working conditions and economic opportunity for artisans all over the world. In our quest to be carbon neutral by 2050, we always look for ways to cut electricity and water usage, decrease our carbon footprint, cut greenhouse emissions, and reduce landfill waste.

We have a strong social responsibility commitment through our Supply Chain and Manufacturing Codes of Conduct, which our vendors must follow if they want to continue working with us. We partner with third-party auditors to verify compliance, and we provide training in each artisan partner's own language to help them meet our standards.

We are very pleased that our manufacturing plant in Silao, Mexico has recently received the distinction of being recognized for their environmental and social responsibilities by the Mexican Center for Corporate Philanthropy and the Alliance for Corporate Social Responsibility.

**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?**

Ethan Allen is an Equal Opportunity Employer, which means we've set clear standards around what we don't do – for instance, ensuring dignity and respect for all by not discriminating based on protected characteristics. Achieving true diversity, however, requires more than just recognizing the "don'ts," we need to proactively do.

One noteworthy thing about Ethan Allen is the representation of women within our leadership ranks, which is quite favorable compared to companies in almost every industry. Seventy-two percent of the leaders in our retail network are women, and 47 percent of leaders at our corporate headquarters are women. To increase racial diversity, we're providing training to our hiring managers and encouraging them to build teams that reflect their community. We focus on this issue because a greater diversity of viewpoints is the key to being resilient.

Our country brings together so many people from all parts of the world and from diverse perspectives; there's no other country quite like the U.S. Being a proud American brand means emulating that diversity within our walls.

**What do you see as Ethan Allen's responsibility to the communities where it operates and to being a force for good in society?**

Ethan Allen's Design Centers and Service Centers hold events to support local not-for-profits, and some of our Service Center managers have good relationships with local chapters of Habitat for Humanity. We work to foster a culture of dignity and respect for all, setting an example that we hope other businesses will follow.

I always highlight our commitment to North American manufacturing – not just American, but North American – because I believe the skills and work ethic of the associates in our Mexico and Honduras plants contribute to our ability to continue investing in manufacturing in the United States. I chose, for example, to purchase our plant in Silao, Mexico because I realized that the community of leather craftsmanship found there – people who have been dyeing and color-blending leather, and tailoring leather furniture for generations – simply could not be found anywhere else.

**As Ethan Allen celebrates 90 years as a leading American brand, how important is it to take time to reflect and celebrate its accomplishments over these many years?**

To have nine decades of profitable history, in today's business environment, is an achievement worth celebrating. This 90-year touchstone is a time to reflect on the values that made that achievement possible: our unique vision for American style, our commitment to combining personal service with technology, our uncompromising quality commitment, and our dedication to socially responsible business.

It's hard to say how interior design will look 90 years from now; even in the near future, we may ourselves be donning a headset and previewing a client's proposed space in virtual reality. What will never change is our unwavering commitment to the finest service, from design to white-glove delivery, and the pride and passion that our artisans pour into their craft, every day. ●