

About Tommy Hilfiger:

Tommy Hilfiger is an American fashion designer and the founder of Tommy Hilfiger Corporation. He started his career by co-founding a chain of jeans/fashion stores called the People's Place in upstate New York in the 1970s. He began designing his signature preppy menswear line in the 1980s. Later, the company expanded to produce women's clothing and other luxury items like perfumes. The company went public in 1992. His collections were influenced by the fashion of music subcultures and in connection with music industry artists. The CBS reality show The Cut was where designers would compete for a design job with Hilfiger. He sold his company for \$1.6 billion to Apax Partners who later sold it to Phillips-Van Heusen for \$3 billion. He remains the principal designer, leading the design teams and overseeing the creative process. In 2012, he was awarded the Geoffrey Beene Lifetime Achievement Award from the Council of Fashion Designers of America.

On how an empire started:

"35 years been playing the game. But before I started Tommy Hilfiger, the brand, I had my own shops. I opened my own jeans shops with my incredible savings of \$150. And now this year, we just ended with \$10 million. I had \$150 from working in a gas station. Nights in high school. And I bought 20 pairs of bell bottom jeans from the streets of New York City. I put them in my Volkswagen bug. I drove for hours to my hometown of Elmira, NY and I sold them out of the trunk of my car to my friends at a profit. Then I opened a small shop in a basement of a shoe store. I was 18 years old, years old. So why jeans? Because at that time, it was early '70s, Woodstock, Rolling Stones, Jimi Hendrix, all the rock groups started coming to America and playing concerts, and I loved the way the rock stars looked so I wanted to look like them. And I grew my hair long, I started wearing bell bottoms and cool clothes because I couldn't play guitar. And I decided to sell cool clothes. And while I was doing it, you know, my parents wanted me to go to college. I said there's no way I'm going to college, I'm going into business for myself. They laughed, they said there's no way. My parents were angry at me. My family and friends said there's no way you can make it. So after I opened my first shop, I decided to open a few shops on college campuses, jeans, candles, incense, cool stuff at the time. But during that time, I thought maybe I could build my own brand. And I looked at brands like Ralph Lauren, Calvin Klein and all these brands."

"I wasn't thinking about starting a business. How big that empire...how many pairs of jeans, clothes, like total retail sales worldwide? Well, we ended up this past year with \$10 billion in sales. But we have 2000 stores in the world. We're in 192 countries. Our business is very strong in Europe and Asia."

On not getting satisfied:

"We're an American classic but I'm never satisfied. I always want more. **So all of my whole team listens to two words. I say to them every day. What next? What next? Because being in the apparel business is very competitive. But I don't want to just be in the apparel business.** I went into the electronics business recently. So we do headphones, speakers, earbuds, everything with the Tommy Hilfiger brand. I'm going into health and wellness. Bicycles. I'm going into of course we have fragrance and home furnishings and everything that you would say you built a lifestyle brand, but I want to go way beyond that."

"So what's driving me this way? What's in Tommy's tank? **It's fun. I love it. I love the challenge. And I love doing something that has never been done. I mean, like my competition, never wanted electronics. Fashion companies aren't going into high tech bicycles. They're not going into the virtual digital world like I am. So I want to be first in the tech in the digital world as we marry fashion, entertainment, and technology together.**"

There was a German TV station doing the life story of how I live my life. I have a bunch of kids. I've got a beautiful wife who is also a designer. And you know, we're pretty normal, but we also live an interesting life traveling all over the world and meeting different people. I do a lot of collaborations with people from the entertainment world, Hollywood, music world. I don't know if you've ever heard of Gigi Hadid or Lewis Hamilton. You know I've done things with Beyonce. I've done things with Jennifer Lopez. I've done things with the Rolling Stones, with Lenny Kravitz, so I like mixing entertainment, music and pop culture into my brand. **And I say that my brand stands for fame, F. A. M. E.—fashion, art, music, entertainment, and sports.**"

Connect with emotion:

"I think you have to connect with the emotion of the consumer. And you have to give the consumer something that they don't know they want yet. And that's what we're

always doing. What next? I mean, what does that consumer, what do people want to wear next? What color do they want? Twenty years ago my prediction was most people were going to wear sneakers or soft soled shoes in the future. And most likely, people would no longer be wearing like hard shoes and you wear other people's clothes, or is it all yours? I like to try other people's clothes because I want to see what they're doing right or wrong. So I'm always very curious as to what other people are doing.

On educating yourself:

Well I will tell you a quick little story. I started my business when I was 18. But when I was 23, I went bankrupt with my shops, with my stores, because I didn't know anything about business. So at that point in time, I was so devastated I decided to teach myself how to manage the business part of the business. **And when I speak to students who are creative, who want to be a designer or want to be in the fashion world, I say learn about the business and if you put the creativity with the business, you'll win.**

I think for me, it's more about business. If you've got the business acumen and you're watching the profits and watching the cash flow, you can always find the right product to insert.

Why cash flow?

Why do you love cash flow? You need to fuel the business with cash flow [and] then you could do anything. Then you could advertise, you could hire more people, you could expand, you can do just do about anything you want to do if you have the cash.

[Interviewer] And you seem to have a great love for real estate. I know you own some real estate, a house in Miami. He has golden beach. Like it is a piece of art. Like literally, it's amazing what you did with that place. And when I walk in and I'm like there's no way I could do this. Like you have so many colors in some of the spaces that I'm like, I can't even put two colors together. And this guy puts 17 colors in the same room and it looks freaking brilliant. Like is that just a gift?

"It's an art in and of itself, but it's also a passion. And I also like the idea that real estate can be bought at a certain price and sold at a certain price. And I like the idea that you can always

flip it for more if you're buying in the right location and the right property."

**Dreams, passion,
and visualization:**

"Well, I think it's one and the same because I think that you have to have a dream and a passion and you have to picture yourself being successful. You have to close your eyes and picture yourself being on Grant's helicopter pretending it to be yours. Do you see that? **I'm very well studied, doing my homework. So I no longer wanted to fly American, United, so I bought my own jet. And I picture myself becoming successful enough to be able to do that. But you have to have that North Star. You have to have that goal and you have to go for it. And every time you hit an obstacle, you have to find a way around it, under it, through it, over it but there is a way to get to the other side. You have to look at those obstacles as challenges. And once those challenges come forth, you have to take advantage of the learning experience they give you, and also the opportunity. And opportunity is a big, big word, because I take advantage of every opportunity.** And people call me with business ideas. They said I didn't think you're going to take my call. I don't think you're going to answer my email. Why not? I want to learn about what might be next. You could be doing a million other things, etc. And I'm thinking if I were a small business, a startup, if I were a business having some trouble, I would take that wheel home with me. And I would study it. And I would go step by step by step by step because that is the yellow brick road. What they've laid out is going to lead all of you to success. Whether you're talking to somebody like me or not."

Building a brand:

Well, sometimes I would say the biggest disappointment is listening to others. And in the early days, I walked into Bloomingdale's and I showed the buyers my new ideas. And they said, nobody's going to wear logos, this was in 1986. And I said, I like logos and I want logos to be on my clothes. And they said nobody's going to wear them. You're never going to sell them. I said, 'Do me a favor. I'm going to give you a free rugby shirt with my name on it. Put it on the mannequin in the Tommy Hilfiger department. Use it as a sign. Pretend it's just signage.' I'm still selling that 30 years later, [that] logoed shirt, worldwide. And by the way, my logo is my biggest asset. Because my logo is licensable worldwide. For everything from beauty products,

watches, jewelry, handbags, I can license my name to anything and it is cash flow without putting a lot of effort into it. Because you license out your logo out to different companies that make what you're not making. And you collect royalties, like collecting rent, without the real estate.

Licensing and royalties:

I usually start the conversation. And then I hand it over to a business manager, a lawyer. I've got an in-house team of lawyers, accountants, and people who do that. So then they come back to me and that's how it's a completely separate account. And then we decide whether it's a good deal or not, and go back and negotiate. Most of the time when it's a global deal, I will negotiate, but I'll just start the discussion. So you have something in mind that you want out of that exchange. And then you're sending them back and forth to figure out how to get there. It's called cash flow. But I never want to give it to somebody who's going to damage the name. And I want restrictions on them because I don't want them making something that is going to turn my customer off. I did a deal for belts and they were supposed to be leather belts and I found out that they were leatherette. They were fake leather. So I pulled it back. I mean, that's just one example. But there have been other examples.

But when I first started really thinking about my logo being an asset, came as a result of me watching other companies. And I was watching this company called Nike, and Phil Knight, the founder and chairman of Nike had this swoosh and underneath the swoosh, it's "Nike." And then in 1989, he dropped the "Nike" and just had the swoosh because everyone knows the swoosh. So I thought someday, I'm going to take my name off my red, white and blue flag and hope that people recognize the brand. And today we do research, one out of 10 people might not know the brand. So the majority of the world is very familiar.

I should put my name. I thought we should do Tom which was my abbreviated name. And the guy who was financing me in the beginning owned a company called Gloria Vanderbilt jeans. And he said don't shorten your name. Tommy Hill sounds like a made up name. Use your real name. So look, I'm sure a lot of people still call me Hillfinger, Hill, something else...but I think the majority of people know the name. People didn't think

Tommy Hilfiger was a real person. Tommy Hilfiger is trending because people are just now finding out he's a real person who is still alive.

[Interviewer] A guy builds a brand so big and so strong people don't think there's a person...a real person. You guys ever think that big? Right there, this guy built a brand out of nothing, out of an idea. That's what we're encouraging you to do today. Take your ideas, put them in action and build something real, massive

Bigger is better:

"Bigger is better. You got to scale. You got to scale you got to think big. You have no choice. Otherwise, you fall into the wayside. In other words, you will backpedal rather than move forward. You have to scale, you have to think big. **You have to think that you can do things bigger than you ever thought. And you have to always have that notion that I will never give up.** Because it's easy to give up and there have been so many times over the years when I thought what's going on here, we're running out of money, we've got bumps in the road in the early days? Not enough financing, up to here with banks. But I never gave up and I think a lot of people give up and those people are not in this audience I'm sure.

[Interviewer] So somebody is out there thinking right now "I don't want to scale I don't want to get big. Like will you explain why it's vital.

On scaling successfully:

"It's because you've got expenses. In order to grow you need more people you need better people. You have to hire people who are smarter than you are. And you have to hire people who are as passionate and as driven about the business as you are. And you have to hire people who can help get you there because it's not a one man band. You're not an island. You can't do it on your own. But you need cash to operate the business in the most professional efficient way. And you have to really pay attention to the numbers every day and you have to continue to push ahead to build those numbers. Whether you're selling widgets or sneakers, you have to push very hard to scale and grow

the business, otherwise you'll never be big, and you may just go out of business. So if you want to be in business and be successful, you have to really move the needle forward. And you have to think big, scale big, surround yourself with great people and never give up."

[Interviewer] How important is it having somebody on the same team?

Respecting your team:

"Well, you saw the Super Bowl, right? Yeah, so Brady and Gronkowski. And it's right there on the same team. I mean, that's what they do. **You've got to have teammates and you've got to respect one another. And you have to be transparent and honest with one another. We need people around us. We need people who are very honest with us to tell us what's wrong. Because if we find out what's wrong, we can fix it. If we don't know what's wrong we're not going to be able to fix it."**