Masters of Scale: Rapid Response Transcript – Libby Wadle

“Inside J.Crew's ‘purpose-led' pivot, with CEO Libby Wadle”

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BOB SAFIAN: That's Libby Wadle, CEO of J.Crew Group, parent company for the iconic but struggling J.Crew brand as well as the more vibrant Madewell.

Just this week, Madewell announced a new platform, Madewell Forever, dedicated to reselling previously-used Madewell goods.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale: Rapid Response.

I wanted to talk to Libby because, as the marketplace for apparel dramatically shifts, she’s made a dynamic bet on sustainability to differentiate the company.

Libby took over J.Crew Group in late 2020, not long after the company emerged from Chapter 11 bankruptcy. But she’s hardly a newcomer.

She was president of the J.Crew brand when the business was at its peak, and more recently has been running Madewell, putting in place a playbook for a purpose-led business that she’s now rolling out.

Libby is taking entrepreneurial risks, in quest of tapping the kind of heat and energy that defined J.Crew in its heyday. A legacy brand doesn’t have to mean old and not modern, she says. With the right creativity and strategic discipline, there’s plenty of opportunity to get excited about.
SAFIN: I'm Bob Safian, and I'm here with Libby Wadle, CEO of J.Crew. Libby is talking to us from the J.Crew headquarters in downtown Manhattan. Libby, thanks for joining us.

WADLE: Thanks, Bob. Great to be here.

SAFIN: So delighted to have you. J.Crew and the whole retail fashion apparel industry is in a fascinating moment. You were named J.Crew's CEO less than a year ago, a very busy time, but you've been with the company for much longer, unique perspective. I'm eager to dig into all of that. But first, I have to ask you about this week's news. You announced a new platform for the Madewell brand, which you ran as CEO before taking over J.Crew, Madewell Forever, a resale platform. Can you explain that for our listeners?

WADLE: Sure. So Madewell is part of our J.Crew group here, and I did run that business for a few years before taking on this new role for the whole group. And we are very excited that we just launched this Madewell Forever site, which is our resale platform. And it's focused really in increasing the life of our jeans.

Many years ago now, we started a program called Blue Jeans Go Green. And that's a recycling program for jeans where you can bring any jean in, and we will recycle those jeans and turn them into housing insulation. And housing insulation goes to great, great organizations, organizations like Habitat for Humanity and that kind of thing.

So that was really our first foray into circularity and denim. And to date, we've recycled over a million pairs of jeans. And so this next step really is a way to expand the effort and circularity, broaden our audience, and really get into the resale business because we know that our customer, she loves Madewell, but we know that she also really loves to shop resale. And when we talked to her — and we talked to her quite a bit — we get that answer over and over again. And so, we know that we could probably expand the, I like to say, number of butts in jeans by getting into the retail resale business, but also really making a difference and leading the way. Apparel is not the cleanest business in the world. And so, the more you can do to make the life of the jeans and the apparel longer, the better off we all are.

SAFIN: And when you say that she is interested in buying resale or used jeans, is this a new phenomenon? How new is this, and how did you become aware of it?

WADLE: Yeah, So we have an amazing community at Madewell who loves to tell us what they think, we tap into that. We have a program, it's really a sort of a crowdsourcing program. It's called Madewell Group Chat. It's got around 5,000 volunteers who we tap into for all sorts of topics about what she's loving, what she cares about in the world, where else she shops or what she would like to see from us, how our fits are.
And what we’ve learned in those chats are that resale and circularity and sustainability in general are increasingly important to our community at Madewell. You ask people, who is the competition? And you're often going to hear, "I like to thrift as well as shop at Madewell and sort of mix and match vintage with my Madewell denim."

A few years ago, we launched some resale shops in partnership with thredUP, and we've had great success there with recycled Madewell denim or jeans sold in those in-person shops. And that was sort of our very initial, dipping our toe in the water on this business. And so, here we are today with a much bigger platform and we're partnering with thredUP actually, who is powering our site because they know this business, I think, better than anyone.

SAFIAN: Yeah, I was going to ask, it's a different kind of business to do resale than to do what Madewell and J.Crew have done historically. So you're relying on your partnership with thredUP to provide that expertise?

WADLE: We absolutely are. They're great partners. We've learned a lot from them. We know that Madewell is one of the most popular brands sold and resold on thredUP. And so, it seemed like a really amazing connection to sort of build this together. They wanted to get into resale as a service from a platform and expand their business. And we were really up for being the first to do it with them. So it's been a really fun partnership.

SAFIAN: Yeah. One of your colleagues said that you guys are the guinea pigs in this new business model collaboration.

WADLE: Oh, I love being a guinea pig. It's good. Especially in sustainability, I welcome anyone to join this because it's really great when people can really pioneer and pave the way and more people can join in. There's another program that we do. We were the first denim brand to partner with Fair Trade and certify factories to produce Fair Trade denim. And very quickly people followed us, which we think is fantastic because you make a bigger impact that way. So feel the same way around resale, for sure.

SAFIAN: So sustainability was not necessarily sort of a central aspect of J.Crew historically, or even Madewell at the outset, unlike maybe some other newer direct-to-consumer brands. When and how did this start for you? Was it a personal interest? Was it sort of a business opportunity, some combination of the two of them?

WADLE: I think it was a little bit of a combination of the two of them. I'll tell you that I've never felt more inspired and excited and invigorated by my job, as I have been in the past, I'd say, four or five years. As we've been building purpose along with business, it's added this whole dimension that is so much more meaningful. I can really feel proud of telling my daughter stories about my visit to the Fair Trade factory in Vietnam and what it meant to the communities there, and what they were choosing to spend their Fair Trade fees on, versus what the best-selling jean was, which is great as well. I love that part of
the business as well. But I think for all of us who have been on this journey here at J.Crew group and at Madewell. We've always had a real sort of startup mentality and an entrepreneurial mentality with everything that we do.

SAFIAN: You mentioned the story you told your daughter in a visit to the Fair Trade factory in Vietnam. Can you tell us that story? What is that story?

WADLE: Well, I went to Vietnam, I'd say now, I always have to subtract the year of COVID out, probably about three or four years ago, maybe four. And we visited with our partners at Saitex, and they were our first factory, in fact, and they are one of our most important denim partners. And they agreed to join on this journey with us on Fair Trade, and what you do with Fair Trade is basically, they have a committee that is formed made up of the workers so it's not management. So it's the workers and the workers elect who is going to speak for them and be part of the committee to decide how they want to spend the Fair Trade premiums to better the lives in their own community.

So some people spend it on building daycares, some people spend it on financial advice services. Some people grow organic gardens, and so there's a lot of ways that, depending on the situations and what is most important to the. So I wanted to go and hear what they were thinking about. They hadn't decided yet, and they presented to us thoughts, the things that they were determining, and I got to hear that and speak to the factory workers directly about why these things were meaningful to them.

And I also told Sylvie just about this amazing organic garden that they were growing on site at the factory, and they were very proudly showing me all of that. I planted a tree for them, and I just really got to spend time with them in a way that, having been in the apparel industry for so long, was very different than frankly walking into a factory, seeing the factory floor, and then going into a room and meeting with factory management. And the perspective was very different from how you show up normally as a retailer. It puts so much more humanity into what you're doing, which was the most exciting part for me.

SAFIAN: So in April of last year in the heat of the pandemic, Madewell announced the sustainability commitment. Was that timing, was that related to what was going on in the pandemic or was that just a separate business, ongoing business decision?

WADLE: I mean, definitely ongoing because those kinds of commitments, we spent a while really developing what our targets and commitment should be. And so that Do Well Report is what came out in October of last year. It was really a culmination of all of the work we had been doing, and we wanted to feel really confident about being able to hit those targets and then some frankly, so it did not come out of the pandemic.

It made though that work so much more important. I think everyone's just become so much more aware about wellness, not only of taking care of themselves but what's happening in the world and the planet. And already, people cared a lot, especially our
customer at Madewell about the companies where they choose to shop and whether their values align. That is even more important than ever for us, that we really connect that way. And so, yeah, that was very much in progress before 2020 hit.

SAFIAN: So for Madewell, for J.Crew, you mentioned apparel, and I think of them as retail brands or sometimes fashion brands. What's the difference between an apparel brand or a retail brand or a fashion brand?

WADLE: We are brands. That's how we think of ourselves. And because of that, we think of ourselves beyond the day in, day out of selling jeans, which is important. It's so great to get a great fitting pair of jeans, but at the end of the day, we're really building a brand that has a lasting impact and impression, and has an energy about it that you hear the name, and you have a memory or a thought that is exciting. So with Madewell, it's having that impact beyond the shopping experience and having that deeper connection with her as a customer or him as a customer, as part of our community. And we're really doing that as well at J.Crew.

SAFIAN: The design part of the apparel business can seem very capricious. There was a point where the J.Crew brand was super hot and then it cooled. I know you've been with J.Crew through ups and downs, through a lot of things. How do you think about the evolution of the brand has been? What the evolution of the business has been? Being a legacy brand can be good, it can be bad. What do you think about those things?

WADLE: You know what I think about when someone says we're a legacy brand at J.Crew? I think, as long as we have a great legacy. To me, that shouldn't mean old or not modern. So when I think about when J.Crew was hot, and I believe it's about the... It's the same kind of, frankly, energy that we're feeling today when we put creativity and product at the forefront of things, and what we're feeling right now in general in the world, in our business is that people are excited to get dressed again. And I think both J.Crew and Madewell play a really important role in being brands that can do that.

SAFIAN: Now, you talked about the conversations you have with your customer, with her, and him sometimes, and I guess some of that must give you data and feedback about the product portfolio and how it moves, but there's also, as you allude to, the creativity part of it and the art. And so how do you mesh that art and that science to keep the brand moving forward?

WADLE: Yeah. Well, you can have analysis paralysis on the data, and you can also have it on too many anecdotal stories. And I think there's still an element of allowing your sort of great design team and great creative team to give you the courage to move forward, so you can give your customer confidence that you are ultimately the curator and the great editor of their closet. And there's definitely some places that we should be pushing forward, but there's also some places where a classic is a classic. And we encourage people to continue to, especially in the spirit of sustainability, shop from their closet.
So we're not necessarily about sort of fashion for fashion's sake. We don't sort of go overboard on which color do you like? Pink or red? And storytelling for our brands are very important. And that has to come from design and creative. And then the customer needs to tell us how things are fitting. Are they liking how the fabric feels?

I'll tell you, we've developed our stores at Madewell, where the fitting rooms are built, in almost all of the stores, on the selling floor. And they're really sort of adjacent to, or across from the denim bar. So they're intentionally creating that dialogue and conversation. So whether you're shopping with your friend, or your friend couldn't be there with you, or your mom couldn't be there, but you have the denim stylist who is there to help create that conversation and have that conversation with you. And that is by far the most valuable feedback that we get in terms of improving our jeans. So she might not tell us that, "Oh, I'm definitely going to want to wear a balloon jean next year." That's fine. That's for us to tell her. But she's going to tell us how that comfort stretch works for the fit. So it's definitely a balance of both.

SAFIAN: As you're talking about the stores and the experience that happens at the denim bar, a lot of people are buying things online in a way that they didn't. And so how do you think about where the mix of that part of your business is?

WADLE: Yeah. I'll say that you never would wish for it to happen, but there's something about actually having the stores closed literally, that reinforces the meaning of that channel and why you need that physical part of the business. It's not like the conversation wasn't being had before going into the pandemic, about how important stores are, what's happening to the retail environment, how many stores are you going to have? And I think the beautiful thing about Madewell is we have a good amount of stores, we don't have a ton. We're not over-stored.

It's a complimentary experience, and if anything, COVID has really reinforced that compliment of stores to your online experience. So people get it, customers get it. They really want that human connection. And if anything, COVID has just made that I think more apparent to us.

SAFIAN: And so if two years ago, we would have talked about what the mix of what you're selling online versus in-store is, and we're having that conversation now, has that mix changed dramatically? You sort of think, "That trajectory is kind of the same as what we thought it was going to be two years ago."

WADLE: Well, listen, everything's accelerated. So obviously online usage and everyone's e-commerce business has increased substantially more than they thought it would have.
So two years ago, we assorted the stores thinking that maybe you didn't have to have your best of there, that it could be sort of where your classics could be, your stock ups, you could run in and out to pick up. And I think what's shifted is that convenience is now really happening online, and that's your channel of convenience. And your channel of experience, and really experiencing that brand in the best possible way, is happening in the store.

It's no secret that our Madewell stores in general are 3,000 feet. They're not that big. So you can't have everything at these stores. And I think we really want to show up with our best foot forward and with her best edit, and the best curation. And of course we want to have the items that she needs to have no matter when or where, and she wants to run and pick them up. But I think what shifted really is that the stores need to be the best of, and that the channel of convenience has really become the online channel.

SAFIAN: As a leader in this time, communication with the team has become even more important and more highlighted, particularly when a lot of people have been working remote. Famously, the former CEO at J.Crew, Mickey Drexler, used to pipe his voice across the office, like the voice of God. What's your strategy? How do you get your voice across to the team, especially in this time?

WADLE: Yeah. We have no more loudspeakers. I did not disconnect the loudspeaker, but it does not exist anymore. But what that loudspeaker meant and what that means to me is, and I try to do it now when I come into the office... I'm in the office today. I walk around and I talk to everyone and I think, again, that connection, like I said before, the humanity, and it's really important in this Zoom culture to take a moment at the beginning of these calls to actually catch up, I think, and so we do a little bit of that as well. It's certainly challenging, for sure.

I think though, again, what came out of COVID is we all got a little bit more casual. And so people saw my dog jump across the back of my couch, my kid having a meltdown in the background, whatever it is. But I think there's automatically this sort of like veil that was lifted for many of us. We all have lives that we had to juggle. And so definitely, I think just going through all of this together has actually helped a lot in terms of the way I like to lead, which is in a way that's pretty transparent and connected to my team. And again, like I said, in a very kind of collaborative way.

SAFIAN: You've been at J.Crew in a variety of roles, for a number of years. What's at stake for J.Crew in this moment?

WADLE: I think that we have to reignite the energy and the fire and the love that people have with the J.Crew brand. That is our job. That's what we need to do. That's our mandate. And I think that it's there. A lot of people know J.Crew. We don't have an issue right now with brand awareness in as much as, I don't want people to be neutral about the brand. I want the passion to be back with the brand. We will be at our best when
people are our advocates and are passionate about the J.Crew brand. And I do believe that really leading with creativity and design will get us back there. And so I’m really hopeful. I think, on a much more hopeful, optimistic way versus what's at stake when I think about our opportunity at J.Crew.

I think that the resale platform that we’ve built with thredUP is really the start of something that could be even bigger. I think that, like we do a lot at Madewell, we like to test and learn and try some things, and I think this is a good foray into a much bigger opportunity so I picture other categories and other ways of playing in the resale world. So I’m excited about paving the way for Madewell and J.Crew to participate in a more important way in the resale business.

SAFIAN: Great. Well, Libby, thank you so much for doing this. Really appreciate it.

WADLE: Well, really, really good to meet you, hopefully in person one day.

SAFIAN: Absolutely. Absolutely. It’d be great.