

Season 4, Episode 9: How to Become a Strategic Thinker and the Spanx Story

[00:00:00] **Joya:** This is Season Four, Episode Nine of Drink Like a Lady, which is a podcast designed to get you as a female leader, a seat at the bar and a seat in the boardroom. I'm joined by Kathie DeChirico-Stuart, who is a business strategist, and in Episode Nine we're talking about How to Become a Strategic Thinker.

And to be honest, Kathie, we've been focusing on this theme pretty much the entire season, haven't we?

[00:00:25] **Kathie:** Yes we have. And you know, once again, it's really so critical to someone's future into the sustainability of it and what we find every time we look deeper into what is going on with entrepreneurs, organizational executives, we find that strategy is a key to their success.

[00:00:42] **Joya:** 100%. So what we decided to do is offer you a list of questions that you can be asking yourself. If you're thinking about how to become a strategic thinker. And we've actually transposed this on the Spanx story of success, as a means of illustrating an answer to each of those questions. So the very first one, I forgot to put up my banner there.

The very first one is to look for solutions, not necessarily problems. And what I thought was interesting. I've heard Sarah Blakely speak a couple of times in person back, back in the early days before she really blew up. And she talked about the fact that she had built this prototype, these footless pantyhose.

And she went around with her prototype, seeing who could manufacture it. And she was startled to find that all the manufacturers were men, and the other thing that she found is that they never actually tested the hosiery on actual people. They just created a little rubber cord and that went into every single, um, piece of hosiery.

And it didn't toggle for the bodies that it was supposed to be on.

[00:01:45] **Kathie:** I did not know that knowing as much as I knew about Spanx, I did not know that now it made a lot of sense when I got pregnant of

why I couldn't wear pantyhose at some point, you know? Um, but also I think, you know, once again, it really illustrates that our audience, when we sell to our audience, um, they will get it.

When we're even going to manufacturer and you men they're like, no, everything's cool. You know? So, um, this is a fabulous story that we're going to discuss today.

[00:02:16] **Joya:** Yeah. And her solution was that she actually measured and tested out the hosiery on her mom, herself, her friends, um, because she really wanted to make sure that different size consumers, her brand was going to be inclusive of all different sizes, by the way, Kathie, every time I have like a bunch of carbs, my hosiery doesn't fit either.

So I didn't have to be, it's not just pregnancy. So the next one is to ruthlessly prioritize. And I think that this is something that I hear a lot of women really struggle because the overwhelm is real. But in the case of Sara Blakely, in this case, she wasn't going to go door to door selling fax machines that she did in her early days.

She knew she had to get into a department store.

[00:02:58] **Kathie:** What she decided to do really was. And you know, this is a great strategy is to go for the best of the best, those that are influencers, um, in terms of the stores and where other store brands and buyers would go and look for inspiration. So she went to Neiman Marcus, the Neiman Marcus group, and what slowly happened within a very short period of time is.

She was, um, put into all seven of their stores, which means that's, that's a full roster of the stores. And that's really an accomplishment for a, for individuals who are selling to the department store business.

[00:03:30] **Joya:** And after that Bergdorf's followed suit, Bloomingdale's followed suit, but there's a story about how she actually changed into the Spanx shapewear at the meeting with the buyer in the ladies room restroom with her, so that she could see and prove the benefits of what she had created.

[00:03:49] **Kathie:** And, and, you know, the, the best part about it is that most of the, um, the women having come from that world, most of the women were, uh, most of the buyers were women in the hosiery business. So what better way to say to them, try it on, figure it out. And they would immediately understand it is for them to get a package of Spanx.

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[00:04:07] **Joya:** And she also, when she was pitching her product, uh, in the stores, she would ask her friends in the areas to come and ask a series of questions. So they seemed very eager supporters of the product.

[00:04:20] **Kathie:** Yeah, yeah, yeah. That's really, it's, it's, um, it's a planting type of thing, but it's a really great idea because what happens is all of a sudden, really astute buyers will go to the, the individuals on the floor and say, what are you hearing?

What are people saying that was that's. In lieu of also, you know, the numbers. Cause sometimes the numbers, especially in hosiery is a little deceptive. We don't, we tend to buy hosiery and then we don't return it. If it doesn't fit right. In this case, they could also see that, um, there was a lot of conversations going around on the floor.

[00:04:52] **Joya:** And she spent time in the stores where her product lives, that she marries that all the packaging.

And we're going to get to that in a second. Packaging for hosiery was usually white, beige, and she decided to go a different direction, but in, on the, on the account of ruthlessly prioritizing, she made sure that she got into department stores because that's where most women seem to go to buy their hosiery.

And then the second priority was to make sure that celebrity star power got behind her product. And this is where Oprah comes in.

[00:05:22] **Kathie:** That is really one of the key strategies of some of these really young brands. They don't put a lot of money into advertising. She did not until recently. And what they do is they actually send product to celebrities, hoping that A, they wear it B they like it, and they promote it because the minute that, um, the, the broad market sees it on a celebrity, it becomes wildfire and on Oprah.

I mean, who better? I mean, that's where I learned about it. Who better than Oprah to tell you that this one of her favorite things?

[00:05:52] **Joya:** And in hearing Sarah speak, she didn't even have a website before she went on Oprah and all of a sudden it was gangbusters. And so she had to quickly cobble together a website in order to be able to meet the slosh of orders that were coming in.

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But I always thought that was interesting that you went on that show. She didn't even have a website.

[00:06:09] **Kathie:** Well, I think, you know, she she's light on her feet. She thinks about it. She's she did it all. She, even when I talk about the patent, um, as well, she did her own patent. She couldn't find someone to do the patent who understood what she was doing and she did it alone and then worked with another attorney to get that through.

[00:06:26] **Joya:** Yeah. And that actually brings us to our next point, when you're thinking about being a strategic thinker, which is that you've gotta be willing to take risks. And the patent, it was that this idea of hers had become a real thing. It was something that had intellectual property that needed to be protected.

And then this also brings us to her risk of packaging up all of her stuff in red when normally the hosiery that she saw in the department store was packaged up in colors of white and beige.

[00:06:55] **Kathie:** So when you're looking at a department store, the hosiery brands and the fixtures under which they sit, what do you see?

You see a sea of same, right? Her thought was, there's no way this is going to stay out. If she uses the same color palette that has been used in the past. So by switching it up, she used what I call the Coca-Cola red, you know, component. For what was great and drinks Coca-Cola having that red color. She did the same thing with her packaging and, um, she, you know, once again, it was another very strategic and smart move.

[00:07:28] **Joya:** And then we go on to the next point, which is to listen to and recruit other people's perspective. And she actually met Laurie Ann Goldman, who went on to become her CEO when Laurie was on maternity leave from Coca Cola. And they met in a store. It was six Saks, fifth avenue. They exchange details. Goldman was actually looking for some kind of Spanx for herself, and that's when the relationship started.

And Goldman went on to become the CEO of Spanx in 2002. But from what I understand, Sarah Blakely says that she really credits, um, Laurie sort of involvement in taking the business model from a startup to a global retailer.

[00:08:14] **Kathie:** And what's really key here is, and I just had this conversation. I just taught my, a mindset course up at Seton Hall on Monday is that if you hire for attitude, you hire for vision.

And what she did is she hired someone in a packaging company, a packaging industry, but she hired someone outside of the industry that could take her to the next level. Someone who could think past that traditional hosiery type of thought process and you can see, I think we're the expansion of the number of products and the number of categories since, um, Laurie came on as the CEO at that point really took off for her.

[00:08:51] **Joya:** And Laurie really thought about big vision, but started small scaled fast. And she advised her team at Spanx to focus on product quality over profit margins, because you really only get to impress your customer once. And if you don't give, as you promised, that really starts to undercut the brand.

[00:09:10] **Kathie:** And you know, that there's been a lot of knockoffs of Spanx you see it at the, off-price stores you've seen at the mass retailers as well, but really when you put on a Spanx and you, you know, that they're going to last forever, literally forever, um, you know, that the quality is worth every part of the value that you're paying in that price.

[00:09:31] **Joya:** And for folks to those who are just maybe joining us now, we're talking about how to be a strategic thinker and we're transposing a series of questions on the Spanx uh, success story. And so the last point, when you're thinking yourself about how to be strategic about your business is how can you free yourself from the execution?

So just two weeks ago, you had mentioned, Kathie, that Sara Blakely sold a majority stake in Spanx to the Blackstone group for a nice, uh, chunk of change.

[00:09:59] **Kathie:** Yes. I think she's quite comfortable, but you know, what I think was really more exciting about her, her selling was the fact that it wasn't about her. It was about everyone in her, her team.

Then she literally had a party. She had a, what we call the Oprah, give the, give the car away party. Um, anyone got a ticket anywhere in the world, and then they were given \$10,000. So I think approximately 500 individuals were given that same gift and prize, um, and in terms of thanking them for what they've done for Spanx.

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[00:10:29] **Joya:** Wow. All right. Well, rapid fire. If those points don't resonate with you, we have a second set of questions. Again, we're going to run through the case study, but question number one, when you're thinking strategically: why should I care about this problem? She wanted footless shapewear. There was none on the market.

They were only made by men, but the problem was that women, the number of women, when you look at the census bureau, statistics were on the rise. So there was going to be more consumers of hosiery. Very soon.

[00:11:00] **Kathie:** And not only that, at that point in time, when she actually brought this to market, you had more women going into the professional ends of the business world and they wanted to look nice and they needed that, um, undergarment in order to make them feel successful as well as look successful.

[00:11:16] **Joya:** And smooth out some of the lumps and bumps. I know. That's why I wear shapewear. Question number two. What does success look like? And in her mind, it was shapewear that was comfortable and it was inclusive of all body sizes and it was mass produced. It was available in the department store where women were already shopping.

[00:11:36] **Kathie:** And what's easy is that, you know, once again, there was a lot of this viral, um, you know, marketing that went on women to women. We, you know, when people say it all the time, I just was at a meeting and they were asking me about my makeup and I thought my makeup really, but they thought it was great, but it's the same thing.

How do you, how do you make yourself look at what works for you? And if someone says, oh yeah, I bought this other shapewear you got to get Spanx. I mean, and that's really how she built her business.

[00:12:02] **Joya:** So number one, why should I care about this problem? Number two, what does success look like? Number three is how might I solve this problem?

And she, of course, made a prototype, found somebody to manufacture it. We don't know if the jury's out, if it was a male or female that manufactured it, but started pitching department stores to carry it. And also knew that she was going after a younger demographic.

[00:12:25] **Kathie:** Well, what was interesting? It was actually a man who. Um, owned the factory down in the south, which is where most of the hosiery was

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produced. And he brought home the idea to his two teenagers, like 18, 19. And they were like, no, dad, you have to do this. And that's how that turned around for her.

[00:12:46] **Joya:** Oh, wow.

[00:12:47] **Kathie:** I've got a young generation who understood it. That young generation knew that it had to be produced.

[00:12:51] **Joya:** So she solved the problem by not taking failure to heart. Really. She just kept going and push through all the nose cause she knew her bigger yes, and she knew her bigger why. She catered to a younger audience. She used packaging to appeal to that audience and she also considered the price point. Should we talk about that for a second?

[00:13:09] **Kathie:** You know, the price point for her was she really looked at the margins in terms of what it took to produce, um, what it took to, to get it out there and operationalize. And she never short short-circuited the fact that she couldn't sell it at a higher price point. What happens is there's very few people who will compete at that top level price point because really a lot of the retailers go down to the lower price point and they take out all of the, um, all of the, you know, Assets that really make it so important.

So she never veered off of that. And she has been hugely successful as we well know since. So she just has about a billion dollars in her bank account.

[00:13:48] **Joya:** I have a hard time spending money on pantyhose. Cause it always rips. It's like it's already, you're buying into a tragedy every time you buy a pair of hosiery.

[00:13:56] **Kathie:** No, and what's interesting is I just bought some slim fitting dresses at the end of the summer.

And I went back. I have. My first Spanx from many, many years ago. And it's still as great as can be. And I will say, knock on wood. It does still fit. But what you see is once again, it's the quality we talked about. She absolutely maintained that quality and integrity and the product.

[00:14:20] **Joya:** Question number four, how should I actually solve the problem?

Which is that she got it into department stores. Didn't go off and create her own brick and mortar. She got it into a stream of, of, of shopping that was already natural to most. And then the final thing is how can I take action? And she took action in one of three ways. We talked about this, she appointed a former Coca-Cola exec.

Who'd already spent 10 years at the company and was able to transpose her knowledge. She used PR um, she thought that that word of mouth is going to be powerful, but she also needed to sink money into PR. And then the third thing was that she leaned on the celebrity endorsements.

[00:14:59] **Kathie:** And what was really important is once again, at that period of time, and even now the whole Tik Tok, social media, those endorsements, that's where you're going to find the audience and the audience, you know, is very viral.

She did a great job. I mean, and if you talk to her, you listen to her, she's grateful for where she is. She's been, she's grateful for where she's going. These are a lot of great, basic, basic business skills that even individuals who go to MBAs and great schools don't have as much as she has intuitively.

[00:15:32] **Joya:** Awesome. All right, Kathie. Well, we're going to wrap it up here because I think that we've made our point on how to think strategically. And I really enjoyed this episode because I think we can all take some of these questions and transpose them into our own businesses. Now you are a business strategist. If anyone wants to work with you, how do they get in touch with you?

[00:15:48] **Kathie:** They can call directly on my cell at (609) 933-7600.

[00:15:54] **Joya:** And if you would like to get in touch with me, I have a leadership platform for women. I live, breathe, and eat leadership. More importantly self-leadership you can always get in touch with me at joya@joyadass.com.

All right, Kathie, we'll see you next week for our final episode of the season.

[00:16:08] **Kathie:** All right. Take care. Have a great week.