

An Entrepreneurial Culture

An Interview with Kevin P. Ryan,
 Founder and Chief Executive Officer, Gilt Groupe

EDITORS' NOTE Kevin Ryan has launched several New York-based businesses, including Gilt Groupe, Business Insider, ShopWiki, and 10gen/MongoDB. He helped build DoubleClick from 1996 to 2005, first as President and later as CEO. Currently, Ryan serves on the board of Yale Corporation, Human Rights Watch, and INSEAD, and is a member of the Council on Foreign Relations. He holds a B.A. from Yale University and an M.B.A. from INSEAD.



Kevin P. Ryan

COMPANY BRIEF In 2007, Kevin Ryan along with a founding team created Gilt Groupe (www.gilt.com) as an invitation-only site for coveted women's apparel and accessories. Today, Gilt Groupe has millions of members and has added business lines for the home; children; men's apparel and gear (GiltMAN and Park & Bond); artisanal food and wines (Gilt Taste); vacation travel (Jetsetter); local services and experiences (Gilt City); and has launched the leading flash-sale site in Japan (Gilt Japan).

Has Gilt Groupe evolved as you imagined it would?

Yes, and the company has continued to grow since its beginning. We're getting close to breakeven or at breakeven. Inventory has never been a problem, and the sector is doing well – our competitors in the flash-sales space are all growing too.

Is this a luxury brand or a mass brand?

We offer upscale products sold at a discount. Our customers range from a 25-year-old executive assistant who can't afford full price to shoppers who spend hundreds of thousands a year with us. They love great clothing and the prices, and acquiring things they can't get elsewhere.

What innovative services have you launched since you created Gilt Groupe?

The number continues to expand. We started with women's clothing, and now we have men's, home, and kids. The vast majority of our verticals have worked; we have had verticals that are not as big as we thought, like Taste. But today, 50 percent of our business is not women's. There are few businesses that have expanded as quickly and successfully into other categories as we have.

We haven't expanded the customer base that much. We still appeal to that same man and woman, and we offer them other products.

Are you surprised by how New York is attracting the tech sector and are we genuinely competing?

Yes, and in many ways, we are winning. When we started in 1986, the first question I was often asked was why we weren't based out of Boston. New York dominates the East Coast. We're not as big in the tech sector as San Francisco yet, but there are quite a few

flash-sales companies in New York and just one in San Francisco. Even online media such as Gawker and Huffington Post are in New York.

In enterprise software, San Francisco is dominant. But even in my first sector, which was ad technology, almost all of the dominant players were in New York.

If you're working in an industry where the offline players are in New York – the ad agencies, the journalists, the fashion buyers – then the Internet component of that will be in the city.

Why does Business Insider work so well?

It's an online business site, so it goes head to head with *The Wall Street Journal*, *Forbes*, and *Bloomberg BusinessWeek*, and it's the only one that grew at 100 percent in the past 12 months. It's now probably the number-four business publication in the world – and it's only five years old. If we double one more time, we'll be the number-one publication in the world.

It's about execution. There is an advantage to focusing only online. You're not thinking about the issue coming out; you're operating purely in an online mentality, so there are things you do better.

Volume is very important, as is depth of coverage; showing up in search results is very important; headlines are more important – it means the difference whether a viewer clicks on a result or not. Pictures are also important.

We have a punchy, distinct point of view – not editorial. It's more that each article has a point of view.

What would be the impetus behind taking Gilt public today?

Many companies wait a long time to go public. Things are great, and it has become more expensive to go public and more of a hassle. But there are some benefits and eventually you

do need liquidity for the system. Hundreds of people have stock in this company so they need liquidity. It's not just VCs – it's every employee and executive.

Do you set a bar for how great your next creation has to be?

No, I look at each one and think I'd like to be as successful as possible. Success, for me, is defined not so much as the absolute value but rather as something being successful as a product. For example, 10gen may end up being the most valuable, because the data management sector is more valuable. It doesn't necessarily mean we did a better job with it. Some of these businesses may be more valuable at some point than DoubleClick, for instance, but we won't know for five years.

What advice do you give young entrepreneurs and can anyone become one?

Yes. The majority of entrepreneurs are those who become so later in life.

There is too much press attention on the extreme cases like Mark Zuckerberg and Bill Gates. The more typical entrepreneur is a guy working at an ad agency for years who one day says he will set up his own agency.

The best preparation for being an entrepreneur is to know how to do something well, which is less glamorous.

Is there still an entrepreneurial culture throughout your organization even as you have grown?

There has been a continual change over time. When you get to be bigger, you make decisions differently. So you move slower and you have more standardization. Companies like this have the scale and lack of risk that some people like but with a fun culture, the ability to move quickly, and a passion level – this is not just a job for our employees. This is what comes out of an entrepreneurial culture.

Going forward, are you concerned that we might not have a businessperson as Mayor of New York? How critical will it be to have that business community outreach?

It's critical and the business community will have to step up more aggressively than in the past.

The Partnership for New York City is doing that. They have created a new group – I'm Co-Chair of the Entrepreneurs Group, and we have met with various candidates to talk about issues that are important to us, as well as with the leading candidates for Mayor.

We have to help the next Mayor continue on the path to success in New York. ●