



Brand Builder

An Interview with Leslie H. Wexner,
Founder, Chairman, and Chief Executive Officer, L Brands, Inc.

EDITORS' NOTE When he was young, Leslie Wexner's parents owned and operated a small store named "Leslie's" in downtown Columbus, Ohio. After graduating from The Ohio State University (OSU) and serving in the Air National Guard, he decided to work in his parents' business. In 1963, he founded L Brands with one store in the Kingsdale Shopping Center in Columbus – The Limited – with sales of \$160,000 the first year. In



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the years that followed, he expanded his business portfolio through both invention and acquisition, becoming a dominant U.S. retailer with numerous powerful brands and brand extensions. Under his leadership, L Brands has evolved from an apparel-based specialty retailer to an approximately \$10-billion segment leader with more than 90,000 associates focused on lingerie, beauty, and personal care product categories that make customers feel sexy, sophisticated, and forever young. In 2010, Wexner and his family, in conjunction with the L Brands Foundation, made a historic \$100-million commitment to OSU to benefit the OSU Medical Center (renamed in February 2012 the Wexner Medical Center at The Ohio State University), The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, and the Wexner Center for the Arts, as well as select other university initiatives. His other philanthropic interests include the Wexner Institute for Pediatric Research at Nationwide Children's Hospital in Columbus; the Martin Luther King Center for the Performing Arts, also in Columbus; and the Wexner Heritage Village (senior health-care and housing community). He is a generous supporter of the United Way and was awarded the Woodrow Wilson Award for Corporate Citizenship for his commitment to the public good.

COMPANY BRIEF L Brands (LB.com), through Victoria's Secret, PINK, Bath & Body Works, La Senza, and Henri Bendel, is an international company. The company operates 2,942 company-owned specialty stores in the United States, Canada, and the United Kingdom, and its brands are sold in nearly 600 franchised additional locations worldwide.

How have you managed to keep L Brands relevant for so long?

Fundamentally, the notion of change is something I have always embraced – the fashion business is a lifecycle business, and there are relatively short lifecycles.

The notion is one of understanding that you're in a business that has to be reinvented, be it the positioning of the merchandise or repositioning of a business. If you don't want to be obsolete, you have to reinvent. I knew in my 20s that

success was, at some level, finding something you could do and then realizing that whatever it was you were getting good at would probably be obsolete. It was about accepting the fact that you have to constantly reinvent and stay relevant.

If you have that as a habit, you stay nimble and able to change. A lot of businesses get set in their ways, and when they have to change, they can't.

The third part is that if you're going to change, you have to know what to change from and what to change to.

For businesses that go through cycles, some individuals think about it and are capable of doing it. Most people will recognize that the business has changed but they don't know how you keep that genetic ability to stay youthful, optimistic, and willing to change.

Does company size make it more difficult to bring about change?

It's more difficult to change a very large and complex business. If we have been successful in our enterprise it's because we're good at changing and we think about it in a proactive way.

You want to think about change before it becomes essential. If you accept that fashion is about change, then it's not just changing the merchandise but the organization, the operation of the business, and how you execute the business.

Is retail as tough a business as they say?

It's tougher. There are all these moving parts. You're importing raw materials from one country to another, and then you have to figure out the technical and fashion aspects of making bras, for example. They then have to be shipped to the U.S., and show up in the right colors and sizes in stores. Customers have no

idea about the logistics that go into the business and the speed at which we have to move around so many little pieces. It's surprising that it ever works.

In our business, we have to have incredible efficiency and we have to create it all.

Why is community support so important and how is that embedded into the culture of L Brands?

It's significantly embedded and it goes back a long way. The business had grown to some size, about 30 stores, and my ambition was to double it in five years to 60 or so. So I began thinking that this was a real career.

I love to play with scale and compounding growth, so I ground numbers out and it was interesting.

I began asking myself, what is the measure of success? I decided that while having the biggest business possible was an interesting thought, it would only be interesting to me if it was a good business. So while we were growing, could we grow associate careers? Could we be supportive in the community on a broad basis? I didn't call it social responsibility, but I thought of it in terms of what would make me feel good projecting 20 years into the future, and while size mattered, it didn't matter as much as quality. I'd say in many ways, we are achieving both. It's important that we do good while we're doing well. As an enterprise, we have nurtured a culture where giving back is encouraged. For the past four years, L Brands has fielded the largest Susan G. Koman Race for the Cure business team in the world, and contributed more than \$17 million toward cancer research through the annual bike ride Pelotonia, engaging thousands of associate bike riders, volunteers, and donors. Through our United Way campaigns, associates have donated millions of dollars and thousands of volunteer hours to their local communities in ways they find meaningful. We have always valued community and relationships, and I've been personally determined to build a good business as measured by ROI and growth, while also building loyal relationships with associates, investors, and communities, as well as with vendor partners.

I made the deliberate decision that life was too significant to me to look at as a drive-by. I decided I'd like to have the option to look back and know I've built a sound business that was responsible.

How did your work with the Columbus Partnership come about and how do you define the partnership's mission?

I tell people who say that we have a good reputation in the community that there is no free lunch. If you're coming to the business as a senior person or you aspire to become a business leader, I would expect you to give time and money to whatever in the community interests you.

I really care about what the leaders of the business think about their responsibilities to society. You can't postpone giving. If very bright and creative people only give time to community when it's convenient, I don't celebrate that.

The partnership started with a few of us talking about being able to do more for the community and whether we needed another organization besides the Chamber of Commerce. We just needed a place for a few local CEOs to get together to talk more strategically about community issues beyond items that typically come up on the Chamber's agenda.

We experimented with informal group discussions. It became apparent after a few years that economic development was something business leaders do know about and we might have opinions about different things in the community. While everyone has his own political preferences, if the city is going to be healthy, it's important to recognize that we need to work together. So the group began to focus more on economic development, which remains our primary focus. Today, the partnership has close to 50 members.

Central Ohio is the only part of Ohio that is growing. We're very focused on bringing international companies here. We're in the population center of North America, which has enormous implications for goods, services, and recruiting. We also have classic Midwestern values and a solid quality of life.

Do you take some time to reflect on the impact you've had and all you have accomplished?

Not often. I recognize that as a weakness. The fun for me is getting there – not being

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there. Being optimistic by nature and wanting to improve and change things is a youthful attribute, regardless of your actual age. I still have those youthful attributes.

I was walking in one of our distribution centers 25 years ago and an associate asked me, "With all your success, do you ever stop and smell the roses?" I wasn't expecting the question, so I looked at her and said, "I think if you stop and smell the roses, you might get hit by a truck."

I feel there is so much work to do that rarely do I pause to reflect. I live so much in the future that a lot of the present escapes me and I don't dwell on the past.

Is the U.S. losing some of its competitive edge and will it remain a global leader?

I think our leaders would be advised to run scared and think entrepreneurially rather than celebrate the greatness that we have. There has been too much of that and not a realistic assessment of how the world is changing, which is quickly. We have a slow-motion government in a high-speed world.

We're just now talking about high-speed rail and China already has most of their cities connected. We've never seen a competitor like

China with a population that is three times our size, and that has such a premium and effective educational system.

In the modern world, governments aren't very effective at doing things at the speed of society. You see this in education and in infrastructure. The bureaucracy keeps growing and everyone talks about how well we're doing – I don't see the pony but I do smell the manure.

If we're going to be successful, government has to deliberately get out of some businesses and decide what they have to be effective at. They need to be realistic with the fact that, for all intents and purposes, we haven't done very well here.

Is it possible to teach someone to be an entrepreneur or do you need to have certain attributes to start with?

It's like sports – part of it is genetic and part of it can be taught.

I had a pretty good business education at Ohio State. I learned something about finance and accounting. One of my professors said, never run out of cash, and I took that to heart.

But when I thought about opening my first store, I understood what leverage was and how risky it was, and realized that this was a long shot and if I got it wrong, I would go bankrupt. Being passionate about wanting to make a lot of money and be an entrepreneur is not enough. You have to distinguish dreams from reality.

Will there come a time when you'll slow down?

I understand the realities of life, although I'm not willing to accept them. My dad said, as you get older, you have to do more with your brains than you do with your back. So I try to be more conscious of taking care of myself and resting but, if you're fortunate and have an active mind and good health and you like what you're doing, I don't think you should quit doing it.

Ten years ago, my wife suggested I retire, and I said I would think about it. Then she told me later, her suggestion was wrong because it's not in my nature. ●

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