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THE 12 TRANSFORMATIVE LEADERS 2019



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“The main job of a leader is to help the people become better. If your leader doesn’t do this you have a right to revolt!”

Robert Reiss: Few people have led an iconic brand for over 30 years like you have. Your story is a noteworthy example of confidence and persistence, as your trailblazing and leadership philosophy were truly shaped by your upbringing and all the steps to become CEO of Ethan Allen.

Farooq Kathwari: I grew up in Kashmir in a family that was involved with business, a merchant family, and also in politics. I saw beauty a lot, and I also saw conflict. It’s a beautiful place with great mountains. I learned right from the beginning in the mountains that treating people with dignity was tremendously important. When people encounter one another in the mountains, they exchange a greeting that means, “Are you well? Is your family well? Are you contented?” These are values shared by people around the world.

When I was in school, I invariably ended up as a captain of a sports team, a cricket team, and in college as well. So, I was playing sports and captaining the team. Because of that, it also changed my career. My family wanted me, like most children, to either become an en-



The CEO Forum Group selected Ethan Allen for the 2019 Leadership award in retail for their CEO’s 30 years of service transforming an iconic brand and his contributions to bring peace to the world.

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gineer or doctor. But I was spending so much time in this field of sports that I had to take subjects that would not be that time consuming. So I took English literature and political science as my subjects.

This upbringing of sports also taught me the role of a captain. The captain’s role is to play with the team, strategize with the team.

In cricket, unlike baseball, when you are the captain, in addition to being a key player you are the manager as well.

Absolutely, it’s not somebody from the outside telling you what to do. The captain has to change a bowler or a pitcher every six balls based upon who the batter is and where all the other ten players are going to be placed. They don’t have first base and second base. The captain determines that based on the batsmen, based upon the bowler. In cricket, as a captain you are strategically looking at every play all the time; you have to be part of the team and lead the team at the same time. I learned deep lessons about teamwork and helping others win.

Let’s discuss Kashmir, as your goal in life has always been for Kashmir to become an independent or self-governed entity.

Well, you see, when I was young, Kashmir got divided, and my father went from the main part of Kashmir, where we lived, which is a Kashmir-speaking region controlled by India, to the other side, which was controlled by Pakistan. He went there for two weeks but then he was not able to come back. The Indian side cancelled his permit. At that time, my grandfather and family decided that my mother and the three of us would cross to the other side. My sister, who was ten years old, and my older brother, who was nine, stayed with our grandfather.

So we went to other side, which is mountainous, and we lived at 8,000 feet. We thought we were going to go there for a very short period of time, but we lived there for 10

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years as refugees, because we were designated as refugees, even though my father was a minister of the government and very deeply involved. After 10 years we were allowed to go back to the Indian side, but our father was not. That is when I joined the cricket team in college and also ended up in some student movements and demonstrations. At a young age I was a leader in many different ways.

And then, despite incredible odds, you were able to come to America ...

It was itself a miracle, but I came to America at age 20 with admission at New York University, Graduate School of Business. In fact, I had no idea what to study. I had a student advisor who said accounting. When I went to the first class I couldn't understand anything. He then suggested economics and I also couldn't understand anything. Then my advisor suggested I try marketing, I never heard of the terminology. I asked him, "What's marketing?" He said, "It is to convince people, customers, your associates." I said, "Well, that I can do." So I took marketing and started my career in New York, but I needed a job because I had enough money for about three or four months. So while going to school I wanted to start working.

My first job was working as a bookkeeper on Canal Street. And this job was also something new as I had never seen any financial books. I had never seen a calculator.

It just happened when I was there before the interview the owners went out to lunch and when they came back Sally who worked there was a great teacher and explained how bookkeeping worked. When the owners Richard King and Jesse Isaacs returned they asked, "What do you think about the job?" I said, "Your books needs some work." They were surprised. I got the job, really learned bookkeeping and everything ended up working out well and we became good friends too.

During this time, I ended up starting my own first company, although at the time I didn't realize what the impact would be. My grandfather and father decided to send me about 8 to 12 baskets of arts and crafts. They said, "Sell them. I'm going to help you with your education." Well, I didn't know what to do but at NYU Marvin Traub, who was the CEO of Bloomingdale's, gave a lecture. I said, "Well, I'll talk to him." I called his office every day until

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finally he got tired and said, "Come on over." I met him and they bought what I had. And Bloomingdale's became our first major customer.

I then said, "If Bloomingdale, why not Lord & Taylor? Why not others?" I ended up getting them as customers and just started developing a business, while I was continuing to work as a bookkeeper.

After about eight to nine months, my bosses on Canal Street made a suggestion to me: "You know, your school is near Wall Street. Maybe you should go get a job there." So, I said, "I'm studying marketing, and I don't know what Wall Street does. They said, "Go there and tell them you want a job as a junior financial analyst."

I went to the first building on Wall Street. I walked up and got a job at Bear Stearns as a junior financial analyst. While I was working there, I continued to sell Kashmiri handicraft products. After Bear Stearns, I was recruited by Rothschild, Inc., which had set up a company in New York on Pine Street. It was there that one of my associates who knew that I was involved with my arts and crafts business and said, "I know the founder of Ethan Allen. Would you like to meet him?" I said, "Yes." Little did I know that introduction would change my life.

I went down to Ethan Allen in Manhattan, and the CEO called in one of his merchants and said, "There's a young man who is from Kashmir, do we get anything from there?". She said, "Yes, we get this fabric. The fabric never comes on time, it's always a problem. Can you help?" I said, absolutely, but I had no idea ...

And I know Farooq, your trailblazing theme is always, you'd say yes and then figure it out!

Exactly...you have to say yes, then make it happen. That's the key! You can't just say, "Absolutely yes," and not do it. It's not easy but I was able to get in that business, and a year later, the CEO of Ethan Allen called me again. He said, "You know, my merchants tell me we're having

trouble getting rugs from India and Romania, can you help?” I said, “absolutely!”...I had no idea even where Romania was; I had no idea where rugs in India were made. So I took a week off, didn’t go to Romania, but I went to India and just developed a rug business. And that’s how it started with Ethan Allen.

By this time, I had become a chief financial officer of the Rothschild Company. So, Nathan Ancell, the founder of Ethan Allen, called me and said, “How about working at Ethan Allen?” I said, “How about a partnership?” He was surprised. Then I said, “If we have a partnership I will develop a product for Ethan Allen from all over the world,” and he agreed.

In those days Italy was the main source of products like lighting and accessories. I set up an office in Italy, then went to many countries including Portugal, and Germany and Korea, and I was one of the first ones to go to China in 1975 to find out what was happening there.

Ethan Allen was run by a family, two brothers-in-law, and you were the outsider. What was that experience like?

As soon as I launched the joint venture I realized it was important for me to help the Ethan Allen team members. Nathan Ancell and Ted Baumritter were the two founders, but I had to work with at least 25 to 30 vice presidents. And I said, “If I’m going to be successful, I’ve got to help them to become better,” and that’s what I did. I worked with the merchants, took them with me to tours. The Ethan Allen dealers were very important,



they were the families that ran Ethan Allen stores. The dealers, were running the stores and were advisors involved with buying products and accessories. They were knowledgeable people. So I created a committee. I took the four or five of the best of them, one from New York, one from Atlanta, one from Pittsburgh, and I said, “You are my advisors.” It is very, very important that you create a group of people to help you, and they helped me to be successful in developing the right products.

After that Nathan Ancell, saw what I was doing and said, “Why don’t you come to headquarters in Danbury?”

By that time, Ethan Allen had moved from Manhattan to Danbury. I was running my business from a bowling alley in Larchmont, New York. We had purchased the bowling lanes, and I then bought another building as we had run out of space. He said, “Come, we would like you to come Danbury to work for Ethan Allen.”

I said, “What would I do there? You’ve got so many people?” I thought I would say something that he would say, “Forget it.” So, he said, “What would you like to do if you come here.” I said, “I don’t want to go there, but if I have to go there, I will take your job.”

He was surprised and said, “What?” I said, “I understand if you don’t want to give it up.” But he did give it up, and he made me president.

I know your introductory speech as president was key in connecting you with the Ethan Allen team.

Clint Walker was the head of manufacturing at Ethan Allen. He had fought in the Second World War. We had a number of war heroes that were associated with the

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company. He took me under his wing, and one of our first meetings as president was in Vermont. I would say about 1,500 of Vermonters called the Green Mountain Boys and Girls were gathered. Clint introduced me and said, “This is our new president.” They were looking at me, a new president with the name like Farooq, wondering who is this person.

So I wanted to genuinely connect with the team. I said, “Being here makes me feel truly at home, although the Green Mountains are smaller compared to the Himalayan mountains which I hiked as a young boy back in Kashmir. So as mountain people we can agree that most of the world’s problems are caused by the flatlanders!” This got huge applause, and they all said, “Yeah, you’re one of us.”

But then I had to take it seriously. I had to change the culture. I realized that for it to be successful, I went back to my cricket team. I said, “We’re going to create cricket teams with the captains helping the team members become better.”

I said, “The main job of a leader is to help the people to become better.” So I went around with town hall meetings, then I did something also that was interesting. I brought 5,000 of our factory workers, 300 to 400 at a time to our headquarters in Danbury, Connecticut. The main job was to tell them that in the future, we’ve got to work together. We created a different culture.

You’ve led many transformations including putting designers more in the forefront, what was one of the early steps in reinvigorating Ethan Allen?

When I became president, we were a manufacturing company with 30 sites. I first had to change the culture and start making the manufacturing more efficient. Second, our Ethan Allen retailers in the ’80s onwards started retiring. We had to decide what to do. Should we go and sell to others? Can we get new entrepreneurs? We

decided that we would go into the retail ourselves and build the team. So, we were not in retail, and we decided to go and take one at a time. Two at a time, I had to sit with these families. I have sat with about 75 families over the last 25 years, one at a time.

We created a formula that we use when we purchase a store from a retailer, because I don’t want everyone to negotiate. I said, “This is the way we’re going to do it. It’s going to be fair.” And now we operate 60% of all the stores and we have now 100 leaders, and practically all of them came from the ranks of interior designers to run our retail network.

And as for our manufacturing, I am proud to say that to this day 70% of our manufacturing is done in North America.

Over these three decades as CEO, what is at the core of reinvigorating a company?

Our compass, which has been our ten leadership principles. At the heart of any transformation is getting the culture right. Some of these are: Self-confidence, hard work, accessibility...but of our ten company one that is of particular importance is Justice, which we define as ‘Make decisions fairly. Justice builds trust, motivation, and teamwork.’

From your upbringing to being CEO for three decades, what is advice do you have to other CEOs?

My perspective was that from cricket. I was captain of one good team, and that has, to a great degree, been the



focus of our business. The key is to run one team, and that means at every level – if it’s manufacturing, if it’s retail, it’s one product line, one level of quality. Not easy, and that’s what we have done, and that has given us an opportunity of creating a team that takes pride in what they do. They work together. The main job of a leader is to help the people become better. If your leader doesn’t do this you have a right to revolt! And I mean that very seriously.

One of your goals in life is peace. And what many people don’t know are the significant behind the scenes work you have done ... from the Muslim-Jewish Advisory Council, to the Livingston Proposal, to leading and chairing coalitions to peacefully work together. Can you give everyone a snapshot of your work with your homeland, Kashmir?

In Kashmir I spent about 15 years of my life at the invitation of India and Pakistan and some of the leaders of the Kashmir region to get involved. I went there but then I realized to do this, I had to do it in a manner that would be accepted. We established the Kashmir Study Group – 26 knowledgeable members and I spent 15 years back and forth, and the message was simple: we must create a peaceful and a feasible solution so that people of Kashmir could live in peace and dignity.

Kashmir is now in the news in a very unfortunate way. So, I’m hoping that those elements of a peaceful and feasible solution that have been laid out are looked upon.

On that note, I commend you Farooq on your important work.

It’s my pleasure, Robert.

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Robert Reiss and Farooq Kathwari – Interview aired Sept. 22, 2019.

Farooq Kathwari is the Chairman, President and Principal Executive Officer of Ethan Allen Interiors Inc. He has been President of the Company since 1985 and Chairman and Principal Executive Officer since 1988.

He holds B.A. degrees from Kashmir University in English Literature and Political Science and an M.B.A. in International Marketing from New York University. He is also the recipient of three honorary doctorate degrees.

Mr. Kathwari serves in numerous capacities at several non-profit organizations. He is an advisory member of the New York Stock Exchange; a director and former chairman of the National Retail Federation; a member of the Board of Overseers of the International Rescue Committee; Chairman Emeritus of Refugees International; a member of the International Advisory Council of the United States Institute of Peace; and a member of the advisory board of the Center for Strategic and International Studies.

Mr. Kathwari has been inducted into the American Furniture Hall of Fame.

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