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RUSSELL STRAVITZ

The Bloomingdale Interviews
by Estelle Ellis
Q. Russell, besides being a tremendous, high technology type, tell me about yourself.

A. What is a high technology type?

Q. Someone who can do what you just did for me. I would be absolutely on the floor.

A. Well, my name is Russell Stravitz, and I'm Executive Vice President of Bloomingdale's stores. And I've worked at Bloomingdale's, on and off, for about 18 years, starting in 1969.

I've been working for Marvin Traub directly for about five years now, and worked with him indirectly for the ...my first nine-year tour of duty at Bloomingdale's. I started my career at Bloomingdale's in 1969 when I was a merchandise manager of designer women's apparel. We moved to Los Angeles, California where I was Senior Vice President and General Merchandise Manager with Bullock's, another Federation division, in the ready-to-wear and accessories divisions. In 1982, I transferred back to Bloomingdale's to accept the assignment that I'm currently in, working with Mr. Traub developing the Bloomingdale's business into a national business.

Q. Now that's interesting. You moved from being in a merchandising post to something which is much more operational. Is that true?

A. No...Actually....

Q. Describe the job as he brought you back here for.
A. The job I came back to Bloomingdale's to do really has primarily a merchandising thrust in that my prime function is to take our merchandising strategies and make sure that the store's merchandising organization implements those strategies consistently in all of our stores. And to also understand the merchandise differences between our markets and make sure those differences are maximized. In addition, I have responsibility for the total store's organization, for all of the advertising and publicity in our stores, other than 59th Street, and I have responsibility for coordinating our renovation and new store merchandising program.

Q. Isn't that a most unique, multi-faceted kind of operation?

A. I think at Federated, probably, my job is unique, but Bloomingdale's is also a unique Federated division, and its needs are such that I think my position can function very well here.

Q. Your title is what?

A. Executive Vice President of Store's Merchandising. More recently I've taken responsibility for the visual presentation division for the company as well, so that my role really is to both manage the store's organization--the merchandising organization--to implement the central merchandising strategies, developed by Mr. Traub and the GMMs, and to manage the renovation and new-store program in terms of allocation of
space, layout, and that kind of stuff. So it's a very complicated but broad based job which has been very rewarding and very educational for me in the last five years.

Q. You say you've been in and out. Give me some sense of where you went in between, and what brought you back.

A. I left Bloomingdale's in 1978 and went to Bullock's. At that time our family....My wife and myself decided that living on the West Coast was something we wanted to do, and the opportunity was...An opportunity was made available by Federated, with Mr. Traub's grudging...Marvin's grudging help...

Q. You stayed in the Federated family then.

A. I stayed in the Federated family and worked as GMM for the...in the ready-to-wear and fashion accessories areas. I think my return to Bloomingdale's was prompted mostly by a joint decision, or joint collaboration, between Mr. Traub and Mr. Goldfeder and myself in terms of what were the major opportunities of Federated, and the needs of Federated, and where could I grow and develop the most. And Bloomingdale's, indeed, was one of the divisions of the corporation that was being expanded into new markets. At the time I came back, we had only just recently opened the store in Willow Grove, Pennsylvania, and we had not yet opened the stores in Dallas or Miami or Boca Raton, Florida.

Q. But that's all happened in the last...

A. That's all happened in the last four years.

Q. Uh huh.
A. We have another store under construction on North Michigan Avenue in Chicago, so, Bloomingdale's was then an emerging national expansion opportunity for Federated, and I saw this as a unique opportunity to work directly with Marvin for the first time and to learn a great deal about the requirements of the national specialty department store type company, which we are.

Q. How do you put together the words "specialty department store" company? How do you put those two words together?

A. Well, Bloomingdale's is not a classic department store by any means. We have sort of two or three different kinds of customers and we have many different kinds of merchandise offerings. Certainly, for the most affluent and sophisticated customers we offer specialty store merchandise, and specialty store service, as I think is evidenced by our fourth floor on 59th Street and, I think, similar installations in some of our stores where we showcase individual designers and give individual selling service. So, in that respect we are a specialty store. We sell Baccarat crystal in a separate boutique at 59th Street, where you get individualized service. So, in that sense, we're a specialty store. So, in hard and soft goods, at the top end of our business, we're in competition with the finest specialty stores in the country.

On the other hand, to have the kind of volume business that we have, which is in excess of a billion dollars,
we also have volume departments that are upscale and contemporary but very high volume, and those are more department store type businesses and we're in direct competition with the major department stores in each of our trading areas. So that's why I would say that we're a specialty-department store, and have to do both jobs at the same time.

Q. Do you think that the department store future will increasingly move in the direction of the former, which is this concept of a "niche" of customer market department?

A. I think department stores do need to have a... both a broad offering of products that they choose to be in--and that those offerings have to be broad and deep so they're a store that people think about first for those categories--and in addition I think department stores do need to carve out certain niches in certain merchandise categories that they are clearly the best in in their trading area. So, in that sense, yes, I think that department stores do need to carve out a niche for themselves somewhere between the mass merchants and the high priced specialty operators. In the case of Bloomingdale's, because the nature of our business is very much focused behind product development and fashion leadership, and we have the ability to both specialize and offer merchandise at the high prices that we can sell properly, we're able to (and need to) have a specialty store type business in many of our categories and also have a department store business. We're a very unique animal, and it's the combination of those elements
that makes Bloomingdale's a viable business for national expansion. We will succeed in Chicago if we can take a piece of 59th Street to Chicago and in addition offer certain department store categories that we would be very competitive on.

Q. The transplanting of the Bloomingdale culture to other parts of the country: What has been not only your experience, but how has Marvin implemented and generated that direction?

A. My experience has been that where...we do best in what we call the "mode" cities, whether it be Boston, Washington or Dallas. We do best when we can portray, in a proportional way, some of the excitement and interest in 59th Street, whether it's designer apparel or unique, exclusive home furnishings products. If we can portray them both physically in the store, similar to 59th Street, and service the customer in a high quality way, and in addition bring to those cities the public relations and marketing pizazz that Bloomingdale's is known for. A perfect example was our implementation of our country promotions on a nationwide basis and not on a...only in the New York store or the New York tri-state area. And Marvin has done an incredible job over the last number of years in both implementing the country promotions on a, you know, a broad number of products categories, each time we do them so we have both hard goods and soft goods. And then making sure that those goods are purchased broadly enough in all of our stores, and that we then add to
it a substantial presentation effort, a public relations effort to sell the merchandise, and in some...and in many of our markets, a cultural or, slash, community effort that would penetrate the communities with these country promotions so that, if we're doing a French promotion, we very much get diplomatic immunity in the French community in Washington, as an example, very much involved in our promotions. So that I think that Marvin's leadership of the country promotions and the way they are packaged and spread our and executed—all of which takes enormous planning and you have to work two years in advance with each promotion—I think it's an example of (a), why Bloomingdale's does very well in remote stores and brings something different and exciting to all of these cities; and (b), how Marvin works, specifically, because I think one goes with the other. I think his leadership has got us into the right countries at the right time, and I think that the way he has implemented it has had a lot of staying power and it has enhanced our franchise and reason for being in new cities. And I think that also much of the merchandise that we developed many years ago we still carry today. So I think that's probably the acid test of it all.

Q. So here again, there's a unique thing. Just as you defined the fact that Bloomingdale's can uniquely be both a specialty store orientation as well as a department store pattern, you're saying that you can perceive of the Bloomingdale posture working for Bloomingdale people, wherever they may
live in the United States. But you also, I assume, have a response to what is clearly now defined as a regional trend: Is tremendous information being put out on why our country is more and more is respecting regional differences. How do you marry the what I would call the national posture of the 59th Street culture that is wanted everywhere, with a sensitivity to a regional pride?

A. Well, I think that's a very good question and I think the best example would be...Well, the first point I should make is I do think it's important—all of us think it's important—to pay attention to the needs of our customer in each individual market. And...So what we try to do is...We do have a national, corporate posture of merchandising in all of our stores, and I think our customers in all of the stores want a slice of 59th Street to come to their market. In addition, we do find regional differences and I think a perfect example was the Florida market, where we clearly have a different seasonal and climatic marketing condition. And so our merchandise organization has planned different colors and weights of merchandise to be received in the Florida market in the fall, as an example, which is clearly a response to the lifestyle and market conditions that exist. So we're being both competitive with the retailers in that area, yet bringing in Bloomingdale merchandise that works...that adds to our image and reason for being in that area. And I think the answer is you have to really do both, and it does require a great
deal of collaboration between the store's management that are working in those markets, and the central merchandise organization to respond to those differences and we do. The ...However, certainly the vast majority of our program, particularly in home furnishings, is reasonably similar, market to market, and I think that, of course, is very important if you want to create leverage behind your merchandising organization so you can be merchandising to a profitability requirement. But we are sensitive to some of the differences, and the sign of a really good company, particularly one that's our size, is that we continue to have an organization that is capable of differentiating and responding and not simply treating everything like a cookie cutter, which we clearly are not.

Q. It's fascinating to me that so many people... You know, the cliche is, you can't be a Bloomingdale in Des Moines, and you can't be a Bloomingdale in Philadelphia, and you can't be ... You know... There are so many people, so many merchants who try to do the Bloomingdale number and they don't succeed, and then they say the Bloomingdale customer is in New York and it's 59th Street. Yet, you have been able to prove that there's a Bloomingdale market out there in different kinds of cities, from Boston to Philadelphia and now to Chicago. So, how do you account for that?

A. I think that what you have around the country, as you're really pointing out, is that there are customers in every market that are affluent, that are well traveled, who
are sophisticated about fashion and then there are certainly many, many customers who are not as affluent...who are not necessarily affluent, but are clearly very updated and interested in fashion and new products and new ideas, and our combination of merchandising and presentation in stores will appeal to those customers. And if we do our job right we can... We have created a market position for ourselves.

Q. Would you say that that's the difference at this moment in time, too? That there are more people like that?
A. I certainly think...You know, I think that all of us would probably feel that with the aging of the population and the increasing affluence of the population, and the increasing travel that people are doing, there is growth and sophistication. That yes, there is probably more and more of an audience everyday for the kinds of things that we do each year. So, we're very grateful for that; that the demographics seem to be moving in the direction that Bloomingdale's is moving.

Q. Talk a little bit about Marvin now. What makes him a man whom we can say makes a difference?
A. Well, Marvin is a very unique ...

Q. Before we do that...Could we just stop this a minute... I don't want to (interruption)... . . .

A. Marvin Traub, the man, is a very unique person, both as a person and as a businessman. I think that, personally, Marvin is a person who cares very deeply about the people he's working with, on a personal level. I'm not sure he gets the
credit; I think he's due for that. But I know that he is concerned about...

Q. Why do you think he doesn't get credit for that?
A. Because I think he has... You know, he's got a limited number of direct reports and I think that the further away you get in a company from those direct reports, I think it's probably very difficult to really have that kind of understanding about a person. I think... I grew up in the company the first nine years, three or four steps removed, at a minimum, from the chairman of the company, and I don't think that you can get that close to a person. But I think that once you do (and I have been, for a great number of years), one of the things that's impressed me about him is that, irrespective of his enormous work load and very demanding business and social schedule that he places upon himself, he still has... he always has time and he always cares about what's happening to the people around him. And he has changed his schedule and done whatever he had to do to be supportive of, certainly, myself and my family and all the people I know at Bloomingdale's who have needed him. And I think that that is... I think first and foremost that is Marvin, and I think it's very important... It's an important part of his persona. And one of the reasons I think that Bloomingdale's has had a pretty consistent and talented merchandising organization, because I think you can't simply work with people in a purely business sense. I think when there's something more than just business, when there's a mutual respect for maybe
some more of a totality of your life, I think you get deeper commitment and greater loyalty, and I think that that pays off in the long run in profits, because I think you have a more committed and loyal organization, and I certainly feel that way about it, and he demonstrated that consistently for many years.

I think Marvin's work ethic, of course, is renowned. He...I don't know whether he would call himself a workaholic, but he certainly is incredibly committed to his job. He has an enormous drive level for himself and for everyone around him. And I think....

Maybe an amusing anecdote (at least to me; it may not be to Marvin)...When I was talking with him about returning from California to New York, and we had a very broad discussion about the job and many, many other things, for a great deal of time. At the end I pointed out to him that in the ensuing years, while I was in California, I had a son, and was spending much more time with my family and doing other things and balancing out my work life. Probably I was, maybe, a workaholic too. Maybe I still am. So, after talking about this and explaining to him that my schedule is really going to be somewhat different than it was when I worked at Bloomingdale's before, he said, he said to me, "Russell, I totally understand. I know you have a son now, and I've made it a practice to have dinner with my children every Sunday night." He said that with a perfectly straight face. Of course, I was talking about Saturdays,
and he was talking about Sundays.

So, I didn't say anything at the time, but I had to control myself from bursting out laughing. He hadn't changed at all.

Q. Right, right.
A. Anyway, he lets me work my own hours; it's really not an issue. But I think that points out a little bit Marvin's work ethic.

Q. The fact that he even...Well, one of the things...I just saw Mrs. Traub, and the thing that's interesting to me: He's one of the few executives who's had what I call a joyful marriage in the sense that the wife has enjoyed the lifestyle of the man, rather than having become embittered by it.
A. Oh, I would totally agree. In fact, I think that...

Q. That's very rare.
A. I think that because of that, Lee Traub's relationship to the company is a very positive one. I think that she herself is an inspiration to some of the people and some of the family around us. I think that also creates a very positive...

Q. Image.
A. ...of Marvin and, therefore, a positive feeling about everybody working around him. I think that...Of course the most important thing, I guess in the final analysis, if you're more profit oriented or really looking at the purely business aspects of Marvin, I think his absolute dedication to looking for new ideas, encouraging people to come up with new ideas,
and then gambling on some of those new ideas, I think is a very vital element in Marvin. I think that you will not find ...I have not found a person in this business, in all the years that I've been in it, that has searched as broadly for new direction, for...whether it's merchandise direction or fashion direction, or even political direction, all of which really combine back to effective fashion of our times, in our business, and Marvin is an absolutely avid traveler and very aggressively pursues newness himself, new directions, and pushes everyone around him to really not look at yesterday's news as the barometer of anything. And I think that one of the phenomenal things about Bloomingdale's, that both attracted me in the first place in 1969 and probably reattracted me as much as Marvin, was the fact that the environment to be creative, the environment to find something new and different, and the atmosphere that would encourage stepping out and taking the risks and then being backed if things don't quite go right, I think that, you know, within reason, I think that is an atmosphere that exists at Bloomingdale's. I think because of it, and because Marvin feeds that and has consistently fed that environment for many, many years, you get a kind of organization, a kind of person who grows up here who is somewhat more open to new ideas, somewhat more creative, definitely a little bit more ambitious, somewhat more entrepreneurial, and I think that is really a phenomenal part of Bloomingdale's. And in the final analysis, it has to stem from the top. I think
when the chairman of the company is pushing all the time for newness, is pushing to step out and try new things, is not afraid to make a mistake and go on to the next thing, I think that is...You could say a lot about all the other things that he does, but I think that's a very vital element of what makes Bloomingdale's tick, what has made it greater in the last 20 years, and what will I think put it on very strong building blocks for the future as, you know, future managements continue that kind of spirit.

Q. Are you finding it easier today to attract the kind of people that fulfill that psychographic profile that you have just given me?
A. No, I wouldn't say...I don't think it's ever been easy to attract...

Q. But is it easier now?
A. No. I think there is tremendous competition, both within our industry and from many other industries for...

Q. For the same qualities.
A. ...for the same kind of quality people. And, of course, I think it's just as challenging--probably more challenging today--I would say more challenging today to get those people than years ago. I think that that if there is...

Q. Do you do much recruitment?
A. Yes, all of us...

Q. I mean you, yourself.
A. Yes. I will be recruiting shortly at NYU. All of us
have to make the time to go out and talk with the college graduates and the MBAs and tell them about our business. If we have any competitive advantage in this regard it's just what I'm saying to you; that Bloomingdale's is viewed as a place where you can express yourself. And if we do our jobs correctly people will feel that way and it will be a reality and not just a phrase.

From my point of view, from my own personal experience, before I reported to Marvin directly--and particularly now--that is definitely the environment here. I think it's more and more difficult to sustain the same environment that maybe we had 15 or 20 years ago when we had far fewer stores and it was much easier to have your hands around all of the businesses. I think with a national company that's far flung, you certainly need a reasonable amount of control and regimentation to make it all.....

Q. Do you travel with him much?
A. I travel with him to the stores, you know...All of the stores are visited for Christmas by him personally, which I think is very unusual. He speaks with the sales staff and all of the executives on almost every Christmas visit. And, you know, we travel...I do travel selectively to markets where he feels, or the GMM's feel, that we have major opportunities. I traveled to the men's market, I made a couple of European trips. So I try to stay involved in the merchandising markets as much as possible, but that's not easy.
Q. Would you recall any special, one-to-one time that you had with him? Professionally or personally.
A. That's really... There have been... There just have been so many times that... I've spent a great deal of time with him. The nature of my job requires me to spend a great deal of time with him, more and more, and I don't know that I can point to one particular....
Q. Did you go with him when he went to France for the great honor? Did you go then? Were you one of the people?
A. No.
Q. Did you ever make a trip with him where you had a chance to observe other people observing him?
A. Well, of course, I've made many trips where our own organization has been with us, and I've observed, you know, his reaction with them for many years.
Q. No, I mean other people, outside of Bloomingdale's, and their response to him. In the arena in which you work— you work with architects, you work with other professions outside of merchandising and Bloomingdale's. And their reaction to him and your part in orchestrating a meeting in which Marvin is interacting with a group of people outside of this business family. Do you remember any particular situation which you think would be revealing in terms of the man and how he handled it?
A. Meeting with outside suppliers, whether...
Q. Uh huh.
A. ...designers or manufacturers... It has one thing
in common. I think everyone who meets with Marvin universally comes in having a great deal of respect for his background and his track record here, and probably come in with a minor amount of trepidation I would have to say, and I say that in a tongue in cheek way. Because I think that meeting with Marvin you really should come in pretty much prepared, having done your homework, with clarity of purpose. And I think, you know, we can have a successful meeting. I think that it is,...He is incredibly well studied on practically every subject, and normally he prepares mentally for every meeting and comes in with a particular objective or a particular bias that he wants to achieve. So I think it's very important for him. And my sense is, from all the people whom we meet with outside of Bloomingdale's, that he's not a chit-chat. I think...You know...My sense is that they need to be prepared, they need to know what it is we're trying to achieve. I think it's always good with Marvin, for the most part, to have a sense...

Q. To know your business.

A. To know your business and to have a sense in advance of what you want to achieve with him, and I think...I think most of the people we deal with do. He's...He's a very demanding man of both our own organization and all outside organizations, but he's relatively consistent both ways. And I think most of the people I have seen dealing with him know that. But, you know, always with a great deal of mutual respect, but
still he's very demanding for the results. For results. On both sides. But I don't have a particular example...

Q. All right. That's all right...
A. ...that would be particularly insightful..
Q. Okay. That's all right. I wanted to see. You know...

One of the things which you said, which comes through, is that because he is so aware of so many different areas and so many other business disciplines, as you say, he comes to a meeting, he's not a stranger in anyone's field, and...

A. I'd say one thing: I have seen him many, many times improve the marketing strategy or product of a manufacturer because of his own ideas or his being demanding about the quality or the direction of a product. And in so doing, he would both help Bloomingdale's, but also help that manufacturer. I have seen numerous times Marvin improve other people and other companies, how they're viewing themselves and what they're doing, by really sticking to the needs of Bloomingdale's. Not that they're necessarily mutually inclusive all the time, but Marvin is a pretty savvy guy in terms of directing the outside world, both to help us... and in many respects it helps them as well.

Q. Thank you very much Russell.
A. Thank you.
Q. I've enjoyed this conversation.
A. One example of Bloomingdale's willingness to step out and try a new idea and take a risk--I think a perfect
example would be our airport shops, which we recently opened.

Q. Uh huh. How are they going?
A. They're going very well. We've been open approximately two months now, and in total, we're achieving our plan. The airport shops, which carry all Bloomie's merchandise—Bloomie's university—and we call the shop Bloomie's Express. It really was an idea that stemmed from a conversation with Marvin and I walking the New York floor and looking at a Bloomie's shop on 59th Street, in 1985, and I said, "Look at all this exclusive merchandise, which is doing so well in the whole company. We have so many categories, it really would make a fabulous chain of stores sometime." And we both agreed that we would put it on the back burner—or, in the future file, as we said—and less than six months later, when some real estate opportunities presented themselves, you know, we pressed the button and said, "Let's try it."

Q. Let's try it.
A. We made the investment and we tried it and we think it may turn out to be, hopefully, a whole new division of the company.

Q. It's a wonderful idea. Wonderful idea.
A. Thanks very much.

Q. Thank you.
A. Okay.
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