Q: ... I was asked by the current President to update a study that I had done ten years before and he wanted to have me address the question of not only what the college was now but what it had to be to move into the 21st Century. And I thought it was an optimum time to do the study because everything was focused on education. If you remember we were all looking at the Carnegie report on education.

And I knew fashion was ... and was undergoing enormous change and so I thought well if I think of technology as the driveway of reshaping both education as well as the fashion industry, I would come up with a very interesting overview of where the .. should go. It turned out to be a very valuable study and report which was factored into the curriculum changes that are being made right now, we're in the process of setting up a whole computer center at the college.

I don't know how familiar you are with the school but it started over 40 years ago as being the college .. being fashion industry. That was the difference between the geographical community colleges and this institution. It's been part of the state, it's unique in the fact that it is, the oversee board includes the state, the city and the fashion industry. And the educational foundation to the
fashion industry is that group of people where Mr. Tansky is part of it, who leave regularly to oversee as be the trustees the integrity of the education, the relevance of the education that's being given and also addressing the need for funds to help the school develop the kind of assistance it has to have to meet not only scholarship needs but five years ago we determined that with the college becoming a magnet for students from all over the world as well as out of state, which was not envisioned in the beginning, was going to be very provincial and just think New York and suddenly we realized our enrollments from all over the country, graduate students transfering, college graduates coming, young people coming from something like I think it’s 16 to 17 countries or maybe more, that we needed housing help.

So we embarked on a program, a 5 million dollar fund raising drive to get money for scholarship as well as housing and we built the third dormitory. Now we're building the ... Center and the important thing is that from a school that only gave the degree that you normally go through the community college program, we now have not only a college degree program but a Master’s program. A Master’s program in conservation and ... education work. And we’re working on a Master’s program on marketing. As it relates
to this fashion industry which we now see as ... everybody see is more than a hemline, it's more than a design of a
dress or a garment, it is an education which favors you
because it gives you that perceptive ability to sense
intuitively changes and that kind of eye and that kind of
intuitive capability prepares you for every industry. And
today, as you know so well, fashion is defined in the very
broad spectrum of business not only effecting ... but the
total home field. And as a matter of fact the college has,
and you may not know this, an outstanding interior design
and store planning department.

So I don't know if I've over talked this part of it but
I thought that if I can't be presumptive and assume that you
know all about the college, if you hadn't been down there
recently I would like to take this opportunity to plan the
time to take you down there and take you on a tour and have
you meet the critical people down there, the deans, that
would be of concern to you in terms of everything from
recruitment to the work that we're doing in different
fields. And to have you know that that's basically what I
do which is try to not only help the people that are closest
to the college who don't know about it but organizations
like the Rockefeller Group here I'm going to here in the
next few weeks to talk about the value of, least part of our
evening on June 14th because Saks Fifth Avenue’s front yard is Channel Gardens. And I think this one landmark should be relating to another landmark. You are a landmark building, they are a landmark institution, centerpiece of New York. And I want them to participate in this evening that will, which brings me right up to why I’m here, we will be honoring Saks Fifth Avenue as the store that makes the difference on June 14th.

And the reason we have done this is that, again, now I’m going on six years ago, I determined if we were going to do a fund raising gala, it had to have not only some relevance to the educational institution, but it had to do more than be another chicken supper dinner in which you, is a city of hope or is it Boy Scouts of America or Binet B'rith and people go away and they don’t know why they’ve come to this dinner other than the fact that they had to pay back somebody. And we determined that this was an opportunity to not only give visibility to the college but more important to make a very distinctive difference to honor those people who really have made the difference.

So the first year we honored Mr. Finkelstein and that was, as you remember, a time when we were all astounded at the renaissance of 34th Street and Herald Square and that store. And the second year we did the Luce Craber group, the
founders. And we did that because we felt it gave us a chance to talk about education for management, for marketing, for design and for ... And they had four geniuses, quartet made that corporation. And Liz was the first one to say give it to the founders, don’t just give it to me.

And the third year gave it to Mr. Traub and that gave us the lead which to be able to talk about the fact that the fashion industry was becoming a global industry. We talked about the fact that Bloomingdales had become in a sense an institution in this city that was identified with bringing the world to New York and it gave us a chance to talk about our links to .. Shenker College in Israel and .. the spring board’s ... College that we have in Florence, Italy, and the work that we’re doing in India and now in Brazil, etc., etc. And so that was wonderful.

The fourth year we gave it to a man who represented second generation, Mr. Pomerance, a Warton School graduate who didn’t become a doctor or a lawyer as was stereotype... came in and took his father’s business, which was a terrific business, .. whole different professional management ... And he was also both... Trustee as well as on the board of the educational ... with Mr. Tansky. And so we gave it to him. He’d also been given, he never equated giving money and this
award but he did indeed give a million dollars to a design building, which we have, and that gave us a chance to talk about the college’s resource center, which is a laboratory, a library, a learning and .. have you seen it?

BL: I think all of us has probably been to FIT in the past. We’ve recruited and we’ve worked with ... training programs inside the companies that, I think all of us are somewhat familiar with the institution.

Q: Well them I’m finished. I can tell you that on June 14th there will be this gala at the Waldorf that will honor Saks Fifth Avenue as the store that makes the difference and I’ve interviewed some of the key people here. They include Tansky and Mel Jacobs and Ellen and Bill Bernard and Paul LeBlang and I thought that, and Mr. Tansky specifically thought, that it would be very valuable for me to connect the new people because what you do here ... in terms of what the customer perceives as the store to be over and beyond the context of merchandising.

So why don’t we, first of all it would help to go around the room and have everybody on tape introduce themselves and tell us what you do and how it specifically relates to, if you can keep in mind, and I’m sure you can, that I’m seeking any insight that you can give me that differentiates your institution. And know this, that that
night I want to make it very clear that in these times of terrible retail ... turmoil, the staying power of this institution, the ability for it to hold a vision of the original mission but move it into the next decade to change, with the customer changes that have occurred, is the thing that is incredible and that if we had been able to march across country.

So if you can talk with that in mind and also with what you need to do to be able to multiply this in every area that you have a sense of the store how you manage to be able to take this culture, this Saks Fifth Avenue culture and develop human resources to ... All right. Have we got it on? You mean I've been on all this time, what a waste of a tape.

?: ..to start so they can associate your voice.
?: Okay I guess we should introduce ourselves in terms of what we do. My title is Vice President of Organization Development at Saks and it's a basic title I guess for recruiting placement and development of an individual ... formal function that as a planning function and as succession planning identify people and determine who the folks are out there. Once we get them we can build and grow into ... in a nutshell that's kind of what I do. I supervise the recruiting and placement area from the entry
level ... A management level. So that means responsible from the outlook,

BL: All the way to the top and then these two can introduce themselves. They both work with Bev within her group on recruiting but more importantly perhaps on the placement aspects.

CAROL: I'm Carol Hafford and as Mr. Lucas said I work with ... My primary responsibility is I take the executive trainings from the training program to the assistant buyer jobs that are involved with the placement and the training. And then within that assistant buying job I also work with that group to promote them from one assistant buyer to the second assistant buyer position. Do a little bit of external ...

Q: How long does that take now?

CAROL: The time it takes, I think the recent statistic on executive training to buyer I think is 4.2 years in the most recent,

Q: And what was it before historically.

CAROL: I think it's always been around the same,

?: It's been around,

Q: I thought that they require to be a little faster, that the need is to move them faster because they're for one, they're impatient.
?: They have that need, that's true. But the complexity of Saks is such that I think from the time they start the training program ... seasoning and..

BL: I think you would probably find that if we had all the statistics back in time as to how long it takes, you'd probably find that this [4.2 years represents somewhat of an acceleration of what it had been in the past. I mean we can remember Janet Zinner, one of our favorite people around here, it took Janet Zinner 24 years to become a buyer from an assistant buyer. And she has now given us 25 years as a buyer. So she's got 50 years of service. But it took her 25 years. Saying it now takes 4 is an acceleration.]

Q: Well how long have you been,
?: 20 years.
Q: You've been in the company 20 years.
?: [If we went back ten years we might have seen that it took six years.]
BL: Six years.
?: Seven years.
Q: I think that, I feel a little bit more comfortable about hearing that because I think that unless that was one of the things that may be unique because I think that it did take longer and ...

CAROL: I think it's true too I mean I think that the
fact that these young people sometimes have ideas that take a little bit longer, quickly what they have to weigh is where they want to move along. If they want to move along in another retail, very quickly ... people that are buyers around them or not moved as quick as they did it may not be as professional, or they may want to take their time to reach that level.

?: Maybe that's why ... maybe [we are very careful to determine if somebody has the right training] and the right ... [before] we put, [given] them 10 million dollars worth of responsibility.

BL: Well [the size of the jobs themselves at Saks is probably on the average considerably larger than other companies and our trend in the past few years has been to decrease the number of buyers that we have and to increase the volumes. What's our average buyer volume now? 12 to 15 million. We have a number of buyers that buy in the 25 to 30 million dollar area. So the jobs themselves are really a good size.]

Q: Good size. And of course there is also this big responsibility of understanding the diversity of regional markets which certainly must make it more complex. But [like also hearing that what you're promising them is that they're going to be 'interning' under people who] have a
professional experience that if they're not being, their careers are not being accelerated, they can be sure that the person they are working with has had a period of seasoning that they're going to learn more from them because they've gone through more and they are more professional... 

?: Probably have some .. for assistant buyers ... in the industry ... because they have time to have,

BL: Well it could be a .. and Bill also he had experience with one of the companies that you mentioned previously so he has a point of comparison.

BILL: My name is Bill Rubin and I'm the Director of Branch Store Recruiting and Placement. I also have sales support areas I work with, so my responsibility primarily is to work with placing and hiring senior management for branch stores, I work with hiring general managers and I also deal with what I call the .. operations managers and personnel directors I also have ...

Q: What's corporate sales support?

BILL: You're talking advertising, public relations, fashion office, visual, credit, accounts payable. Sort of a little bit of everything else I've been here for three years and ... done a little bit of everything else. I came to the training program when I was in the training department and then I also was, using Carol's job there, I
hired trainees ...

Q: How long have you been here?
BILL: I've been here for three years.
Q: And you?
?: It will be four in June.
BILL: In fact most of the FIT people that come interview with us take a job with ... because the last time I was there I was recruiting for (inaudible). So that's what I do.
Q: Okay do you want to tell me what you do?
BILL: As little as possible.
Q: Please introduce yourself.
BL: [I’m Bill Lucas, I’m the Personnel Director for the Saks Company and I’m responsible for all the human resource functions. I’ve been here 5 and 1/2 years.]

Q: Where were you before?
BL: [At the May Company.]

Q: That is a big change, a big difference.
BL: Yes, [it’s quite different, yes.]

Q: Give us a quick reading on what you think is the cultural difference as it relates to human resource mission here, May Company versus Saks.
BL: [Saks is a much more developmentally oriented company than the May Company. I’d say that the]
organizations were probably equal in the recruiting and being serious about going out and investing the money to locate and then bring into the company the very best talent at the entry level that can be found. I think Saks does an excellent job with college recruiting, I think May does as well but once inside I think there are a lot of differences. With May company we’re talking about a huge, nationwide corporation of moderate department stores. And Saks as, I look at, more of a single—nationwide company. We’re one division and the May Company is probably 1:7.

But I think the development work on the inside of the company and the care in the interest and internal development is more highly developed here than it was at the May Company. The quality level of our training programs is very ... and I think the care with which the organization tries to cultivate internal talent is much better and I think we do a very good job of it.

Q: How much, once they’re here, how much .. going back to school, how much ... in other words you bring them in, you give them this tremendous training job and then they go out and do the job but is there what I call continuing education program at that time?

BL: Well it’s probably the right time to have Jane introduce herself and tell what else we do ...
JANE: [My name is Jane (inaudible)] So I have the major responsibility for (inaudible) ...

Q: I don't know that it's very strong so if you can talk about it.

JANE: Okay. In terms of actual responsibility as a very broad scope or actual ... training function so we have direct responsibility for the training of the corporate organization in New York which are these merchandising groups ... training buyers, assistant buyers, the buyers in merchandising and ... other sales support, executives in New York. We have a different kind of responsibility for ... We have direct training responsibility for the executive ... at the senior executive level that ... was talking about. We really, we .. programs that directly impact on ... lower levels of ... which includes the largest group, sales associate level and the private management ... level, executive in the stores. We design and develop ... responsibility to make sure there is a ... to develop the expertise to present those, to redefine and to ... So that's kind of what the scope of responsibility.

Q: What's the mirror image of your operation regionally, how many people you have in ... area and what's their ...

BL: We don't.
Q: You don’t have any human resource .. area.
BL: Each one of our stores has a personnel director who reports to the general manager. But there is no regional,
Q: It all comes out of here?
BL: Everything. (Programs are developed here, all the materials are put together here. Jane frequently brings the people with the responsibility in the field for training the personnel directors and the other store directors who will bring them in when necessary to teach them how to use the programs that she and the department have developed, do a lot of trainer sessions. With the field organization is primarily responsible for conducting the training sessions in the store, across the country.)
Q: What about when you move into the market, give me a sense of how you prepare yourselves as well as people that you’re recruiting, what your mission is, experience, how you also translate what that market is demographically, psychographically to the people back here)
BL: Start with just ... we’re going into markets all the time and we did that last year and we’ve got two markets this year. (Everything really gets started quite a long way in advance. Probably by Paul LeBlang and there are a lot of, I guess other people involved it as well. But there are
a lot of demographic studies)...

Q: What is the ...

BL: Sid Meyer historically has been responsible for working Bert Tansky and handling the planning side of merchandising. He interfaces between Bert and the other general merchandise managers to make sure that the total company is working in accordance with the merchandising plan and he is involved in) and those plans involve all of our promotion and ...

Q: ...a long time?

BL: Very ...long time, yes.

Q: Give me a sense of the fact that ...

BL: Well he does other things as well. He has a multitude of smaller functions that he ... sell off function, right now he’s running the ... up in Philadelphia, he’s been running basic stock programs, a lot of things. But merchandise control is one of the ... Anyway they start, [they do a lot of research in the market, Helen gets involved, some of the other people in the company from a marketing standpoint get involved and they learn as much as they can about the area and then they come back in the company and they’ll hold some seminars to help educate the merchandising organization about this new market that we’re going to be opening nine months from now] and frankly early
enough so that the buyers understand that we're making commitments about the type of merchandise, thinking about in that area. And about the time ... some of us were sitting in some of those meeting and then we get started in planning for our responsibilities and I think maybe ... Gets involved early on with the planned recruiting for that market, but not just external recruiting, replacement, looking around inside the company to see how many or .. many researchers are right to help us ...

Q: Is that ... internal ...
BL: As long as it makes sense.
Q: Is there representing (inaudible)?
(Inaudible).
Q: What was the most important level to bring in?
(Inaudible -- defective tape...)
Q: When you think about that balance ... in that territory, would it be the store manager?
?: No.
Q: WHO would it be?
?: Probably be ...marketing department ...
(inaudible, defective tape --)
Q: How much with what Saks Fifth Avenue is with what we think ... sophisticated market ability and ...
(inaudible).
Q: First of all number of transplants, what happens to you ... some of these people who are ... in other words I take my territory, I discovered your ... lived here and raised here but moved to Oregon or moved to Denver,

?: I think we find and we will get involved (inaudible).

BL: The question is probably ... people spend a lot of time there ... almost everyone that we came in contact with in Minneapolis ... Saks Fifth Avenue. A lot of local people that sell on our store, retail selling experience in their stores and maybe they'd never been in Saks but I think the training ... we] give that new store ... spend a lot of time in training activities ... new people, that training is very important for us] to go .. [Not only the reputation of the company but how we execute that reputation (inaudible)... store has the same standards as the Saks Fifth Avenue in Bergan County]

(inaudible...)

BL: ...and we are attempting to serve clients to develop this .. because that's our specialty ... in the market and ... specific drivers and maybe there are other people that recognize the support for the,.. example the Children's Hospital and everything else and so going to serve their merchandising needs ... support and interest,
outside interest as well ... and this as much as possible in all these organizations that see ... and the other companies, and I've been in some of the other companies, it's somewhat different, just like what Bill has talked about. The customer at Saks is a human being, has a name and a face ... and we know them personally, talk to them a lot in the store ... a customer is a unit among a large mass of people that ... in and out of the store to buy things. And so the whole ... is a little different in Saks ... trying to develop relationship with the customer. We have to do that because we are not merchandising to the masses, we're merchandising to a very targeted audience ... give it that attention. (inaudible).

BL: People that have an interest and ... needs to be very high quality merchandise that ... well designed and represents I guess the best value of quality of the merchandise, quality of design standpoint ... the very best and can't afford to do it. (inaudible).

BL: ... I think ... probably true and even some of our customers probably more of them would like to ... the merchandise is simple ... (rest of Side A inaudible).
SIDE B

Q: More than the average sales person. That's one of the big problems. David, would you agree?

?: I think there's a challenge yes.

?: Within the平均 sales person.

?: I think many of our sales people in our branches many of them are typical people who ... They are not necessarily people that started as professional sales people but who live in those communities and work in those communities and so they are part of the community and so I think we do a fairly good job of recruiting people who are our customers, who also then become associates. And I think the other place we do is we go out, we try to do a fairly decent job of finding people who come from small boutiques, who work a smaller .. in the local communities, who are use to giving service, giving special attention and therefore we .. identify them as being ...

I don't think ours is the kind of company where you can walk in and apply for a job.

BL: We can't do that. In order to sell our customer at the price points we want to be involved in, we can't afford to have sales associates that can't communicate with those customers and therefore we can't really, I don't think, sit back and rely on the flow of unemployed who are
seeking jobs to pick our sales force. Maybe on, and the one illustration is to not as to why, the one illustration that will substantiate that viewpoint is that we are in this country increasing the minimum wage by a substantial amount of money this coming year in this point and to go up further than that the following year. And I had talked to my counterparts at other companies like Toys R Us and like the Limited and a number of other retail companies, all of whom are calculating how much the impact of the increase in the minimum wage is going to cost them.

And at Saks Fifth Avenue this first increase in the minimum wage is going to cost us nothing and the second increase in the minimum wage, that’s going to happen next year, is going to cost us nothing. And if there was one after that it wouldn’t cost us anything either.

We have to pay for what we want in the market and we can’t afford to be a minimum wage employer because the people that are available at the minimum wage don’t match up with our customers and they must match up with our customers or our customers won’t even shop with us.

Q: What about the interest in retailing, Bill, are you finding, where are you finding people who really have a passion for retailing? Let’s start with you in fairness of what you had to do in terms of executive recruiting. Where
do you go and what do you have to say and what is the response to these young people?

BILL: In general you're talking more of college level

Q: Yes.

BILL: The branch stores, all of our stores have their own contact with most of or a good number of colleges in their area, colleges, universities and sometimes high schools as far as starting to develop interest with the young people as far as getting into this business. We want to salvage probably more from an internship program and how stores right now ... and to bring them under your wing and start developing some people to come in, starting at a sales position, at a stock position and over the next three, four, five years while they're in school to bring them back ... during the summer and teach them the business as far as what it's all about.

Q: Do you underwrite a college education program?

BILL: Yes.

Q: Have you ever done that with, have you ever found young people who came out of high school who you felt had enough promise for you to underwrite an education at FIT?

?: Good question.

Q: That would be interesting to consider.

?: I'm not sure underwrite is, I mean it's actually
the right term but we do support education and we do have a tuition refund program. And,

Q: Tell me what does that mean?

?: Well it means we reimburse, we have a partial reimbursement for ... We have not, to my knowledge, identified an individual and said we ...

?: A few, yes we have a couple .. identifies for long term potential for us and pay 100% education. We have many people who go to FIT and,

Q: have you finished your survey yet?

BL: We have. You'll probably be disappointed in the results. But yes, we've contacted, Bev is discussing information that I thought we'd get into once we got there about FIT graduates who are currently working in the Saks Organization. One of them just walked in here I believe, our highest ranking FIT graduate which is just here ..

[ tuition reimbursement program is available to all employees at Saks to pay 50% of their tuition cost for attending any educational course that will make a contribution to them on the job, or as required in the persuit of some type of degree. And I'm sure that a number of people who have attended FIT and taking courses with FIT and we pay the person 1/2 cost.]

Q: Would it be, this is tangential but would it be
valuable sometime for someone from FIT to come down and address some of your people and tell them of some of the continuing education courses that are available that it's a motivation for this and you know I'm sitting here and thinking about this. Would that be something that we should be thinking about?

BL: Depends on how much education reimbursement money Bev has in the budget...

BEV: Well I think [FIT has high visibility]

Q: It does?

BEV: Yes, I think so.

?: Particular in merchants.

BEV: Yes. And merchandising organization and the group that's here in New York which is the focus that you're talking about, I would think that, I would be very surprised if people weren't aware of it, if the name is well known there are enough people that have taken courses there that there's word of mouth, there are things in the paper. So I think it has ...

Q: Well it isn't just a question of visibility. It's a question of educational motivation. And as I say the world is changing so fast and the courses of study that we're giving at the college today are so advanced, apart from the education to give the start up learning, the courses that
are being given that are responsive to the changes in technology as it's changing distribution and so on are so advanced now that I just wondered whether or not there might be some value in that some time in exposing your people to how the fashion industry has changed and what education that can be today in terms of upgrading career training.

It's something to have you think about and maybe sometime do a round table on it at a separate session.

BL: One of the things that probably would fit with me best is what Jane and I from time to time does ... and that is a couple of her training specialists accompany here to FIT where we might have a particular identified need in the company for training and that we go to FIT and enlist their support with our training department to put together a special program for Saks people that addresses our needs but taps into the educational expertise that we can get there.

We have done that in the past and not long ago Jane was talking to me about wanting to do that again for some particular reason, we were talking about Gene Jackson and product development and what that all really means and how buyers go about addressing that problem of developing special unique product in the product and we were talking about making a liaison with FIT to introduce assistance there.
?: Our approaches, and certainly you're talking about individuals taking selections that are appropriate for them in terms of their own career development needs. From our prospective, we're probably more likely to respond to our having a better understanding of the facilities at FIT and I'm not sure that we're totally knowledgable in terms of my own group about what's available now but we certainly know that at end we're more likely, we're more mass educators I guess, where we may identify internally a need among ... educationally and we can't provide that, we don't have really internal expertise to provide that appropriately and so we would be more likely to go to FIT as a resource to either help us develop something or to develop a program that they would teach. And that's what we have done with FIT before fairly successfully.

We're, from and Bill was talking about budgets, but the reason we talked about this most recent opportunity was that we found that we had a lot of people putting us ...

Q: When?

?: I don't know but I can't tell you right now,

Q: Was it concentrated in product development?

?: yes and the director of that area came to us and said isn't this stupid. We've got all these individuals tracking down FIT to go to night school, and we're
reimbursing them and couldn't we do this more efficiently and shouldn't we be providing that to some degree ... And so I think we had some golden opportunity there rather than doing more of a shopping approach or an individual approach.

Q: I think it would be most exciting. And of course it would be utilizing not only the faculty out there in each of these specific areas but the design laboratory and the services of the design laboratory and the color laboratory that they may not know about, or the interior design lighting laboratory that we have,

?: The production side,

Q: The production side of it.

?: Something we .

Q: Absolutely. And the sourcing. The whole business of sourcing that we're into now because seeing the fashion industry as a global one. And so I think that would be interesting for us to pursue that at another time.

I know that you did have certain special programs down at the college. I think we should get that on the record. What were some of the programs that ...

?: I guess the most highly visible and the largest project that we undertook was to work with FIT's continuing education department I believe ...

Q: Art Winters?
?: Art Deruvas. Helped us coordinate this and it was at a time when we undertook a program called QT, Quality Target for the 80's. And what we shortened to the Q Program or the QT Program. But it was, we started that in the early 80's understanding that we were, what we needed more expertise on the part of our buyers in terms of ... those kinds of things and that we weren't providing them .. But we were hiring a lot of people who didn't have the undergraduate education in this area.

So we went to FIT for all of these reasons because they had faculty there, human resources to provide that to us and we consulted with them ... [I was very involved in that at the time.] But anyway we consulted with them and developed a program for the ... did the program but,

Q: I'd like to have it.

?: It was probably four mornings I guess. And we put on an entire merchandising groups and all of our sales and sales support VPs because we wanted them to understand what went into a quality garment across the board. And we went down to FIT and we took, we literally took all of our buyers, all of our divisionals, over a period of maybe a six, eight month period in classes ... people. And then subsequent to that we asked ourselves how we could translate
that same understanding of quality construction in the merchandise. To our sales people because we felt that our customers wanted to know why it was they were spending $500 for Bill Blass. And that we needed to be able to translate to them and help them buy.

So we got, we couldn't use FIT ... so what we did was we signed a team of our training people to that project over a three year, two year period and they worked a lot with the faculty of FIT and between the experts and designing our own program ... used for all of our sales people. We still use them.

Q: How long ago was this?
?: Well the design of it was what, five or six years. Carol was,

Q: And you're still doing it?
?: We've, yes, we're still doing a portion of it. We designed a program that initially, that almost fell under it's own legs because it was really, to make a long story short, it required in the initial design of the . . the level of expertise and instruction that we felt we didn't have and we couldn't seem to develop on an ongoing basis . . . the instructors out there to do it. So we wrote it and it's now down to a more manageable thing, but it's all based on that original design.
Q: It’s fascinating because you know when I said to you before how do you define quality and is it an extraction, and here you’re telling me that you took a specific educational course of action to be able to translate this in specific material product terms to your people. Now you know that’s fantastic and that should be an ongoing process. And what’s going through my mind right now is I am talking with certain people like the New York Times who want to give a gift to the college in Saks Fifth Avenue’s name and if I were to define for them what their gift should concentrate on, that would be the greatest benefit to Saks Fifth Avenue if they were to give a gift to the college honoring Saks Fifth Avenue. And it had to do with education as it served your needs. What would you want them, could you define an area of need that we could tell them that their money would go in terms of education? Could you give some thought to that? You don’t have to do it right here but I think if I could tell Lance Premise, publisher of the Times, or Rockefeller Group or whoever I’m talking to about giving a gift to honor Saks Fifth Avenue and if ongoing education is what is needed and if this whole arena of educating people to understand quality product, or quality product development is your area of need, what would you write? Interesting, isn’t it? It’s an ongoing course
of study at the college. What do you think?

BL: I think we probably ought to give some, that there are a lot of elements of quality and so we might think about it for a while to determine who we thought might be most beneficial to the company.

?: Good idea.

Q: Isn't it a wonderful one? Giving $25,000 for another scholarship, why not $25,000 toward a continuing education program specifically named Saks Fifth Avenue's... to do what for you. Wouldn't that be terrific?

BL: Yes.

?: It would.

Q: So merely because we have to come, we have to really make these proposals in the next shall we say ten days to two weeks, I would appreciate your giving some thought to that and coming back to me if you could with it and I would appreciate that.

BL: Okay.

Q: Take the sentence, 'A store that makes the difference' and let's just go around the room and talk to me in your terms as if you were talking to a good neighbor who said listen why do you work in that store, what do you get out of it, why is your store getting this award. What would you tell me?
?: Me personally?
Q: Yes, I'm your neighbor.
?: Okay this interesting because on Saturday I attended the WED conference, you were there as well,
Q: I was a panelist.
?: Oh and,
Q: Which sessions did you,
?: I went to the session on retailing just to hear ... speak, on negotiating skills, and then lastly on psychological elements of success. But anyway when Ms. Hershel was in a group, among a group of retailers and she was talking about Saks, philosophy and everything about Saks and retail, it was incredible how much I understood everything she was saying and I related to everything she was saying and it was, there's a language and a culture and it permeates every part of the organization.

I've traveled throughout the country, I've been involved in store openings. I worked with executive training .. buyers, to visionals, I worked with a lot of people in the company that I work with and it really is, it's in everybody.

Q: What's in everybody?
?: It's this standard for excellence, concern for the development of people. Having a standard for something,
having a standard for excellence and achieving something close to it and then knowing that there's something more you can do. I don't think anybody here ever walks away from a project or a situation saying I did the best I could do and that's all there is. I think everybody does the best they can do and then sits down and reevaluates it and thinks about what they could have done better and then does that the next time.

And that's everywhere here. And I don't hear that from other people. And I didn't hear that in the other panelists so,

Q: Should I listen to the ... who is she?

?: Mare Hershel is our general merchandise manager for the sportswear division.

Q: Is it a tape I should hear?

?: Yes, I think you should, I think you should, yes because she did kind of summarize a lot of the things you're talking about today. Because it was really focused on careers in retailing but it was interesting to hear what Ms. Hershel's prospective was on careers and retailing at Saks. That was different from Mr. Edelstein's about,

Q: She have a speech ...

?: Yes.

Q: All right we'll recall .. and see if we can get
that tape.

?: And it was funny because I was with Bill Regan's assistant, Linda Johnson, and I turned to her and I said did that just seem like, did you hear the same things I did in there, was it a language that we both speak, didn't the culture of the company just come out in everything she said. And she agreed and she felt the same way.

Q: The people in the room, what was their response?

?: Well it was board panelists, I can't remember all of them. It was Michele Fortune, Mr. Edelstein, I can't remember ...

Q: Doesn't matter,

?: And Ms. Hershel,

Q: What was their attitude towards Saks? Did get any,

?: It was very positive. They were asking very general questions but they were directing a lot of their questions to Hershel. I don't think they understood or heard the same things Linda and I did necessarily. They didn't understand that it was part of our approach.

Q: Interesting.

?: It was.

Q: And as I say it's one thing to hear, it's another thing to understand and you were on another wavelength. Please will you tell me, speaking to your next door
neighbor.

?: (Saks is, I'll use the word culture also but it's how people feel in working for the company, it's very positive.) One of the things that I first noticed when I first came in here three years ago was how primarily interact with each other at the level we interact, that we met with you and ... we all listened to each other, no matter what level you're at. And that also general feel of people who have been here for anywhere from six months to 50 years on how much ... this company and that, ...

Q: What do you think contributes to that, what do you think makes that happen?

?: It's, I'm going to have to go back to the same thing that Carol says and it's very true that ... culture and that we are treated here as recognition. (It's the way of doing things as we do ... quality and through excellence, it's doing it the best way you can.)

Q: So it's kind of a ... ride, isn't it.

?: Yes, very much so. It's not doing it just doing it at, going all the way, it's very much, 100% ...

?: I think you get constant reinforcement of trying to achieve the best. Nobody is ever saying to you don't try so hard or we don't need that level, (It's always reaching for something that's better and getting the support to do that.)
Financially and emotionally.

?: You know it sounds very rah-rah and it's just wonderful ... recruiters. But I think you find most of the people you talk to in this company are very much like that. So that's the difference.

?: One of the ways you see it, even it's minute bit it's so true, even in our correspondence with one another, people just don't whip out memos or correspondence. Everybody is always being careful to be sure it's typed well and there's no typo-s in it and it looks good even though it's in house, internal memos.

Q: You're talking about standards. Talking about,

?: That was the first thing I think I noticed when I came here was how important it was that my memos were clean and typed and there were no...

?: That's because we'd beat on your head if ...

?: And if you came from another organization where you know you whipped it off and you hand wrote it and passed it around,

Q: Reminds me of my first experience with my mentor and I, in the letter he wanted to see all the correspondence that went out with my office ... and then she returned a letter to me and she said when you write to an educator you don't use ... And then I remember one day when I sent her a
letter and she found a type-o and she called me in the next day and she said how could you have sent this. And I said Helen it was 6 o'clock at night, I had to get the letter out. She said do you think when Mr. Bishop gets this letter he would know it was ... He'll only see the typo-o. I mean these are things, as you say, these are tangible. That if you get it early enough, your program... Please will you talk as your neighborhood.

?: I probably would say all the same things.

Q: Say it in your way.

?: Everybody else's. I think I don't know ...I've been here 20 years. I guess I'm fond of,

Q: What's the change? All right talk to me about the change. It has been a passage for you in 20 years. There's been different management leadership. Characterize for me what the change in management leadership has represented in terms, in your terms in shaping this company? That would be very interesting. You had how many different leaders?

?: Well Elsie, Adam Gimbal died when ... he died in 1969 before I got here so Allan Johnson and then Suslow and ... there were four.

Q: All right. What's the difference in the personality of the men and ...

?: Well you have to keep in mind that I was at
different levels.
Q: All right.
?: So I saw different kinds of things. (I think back when I first started here was much more home spun and the standards ... that were there but I think not to the degree that I think you would find them now.)
?: You're talking about professionally as opposed to what we, internal versus external?
?: Right.
Q: Content, merchandise content was the same,
?: Well yes I'm not talking about that.
Q: You're talking about the level of human resources.
?: And [the kinds of things that we did internally. And we were much smaller then]. Well actually I think Saks was something like .. stores. We use to have all these little tiny stores like .. stores and gradually over the years .. But it was homespun but not quite as open a professional organization. (I think there was probably a period in the mid to late 70's where, as when Bob Suslow came in and BAT brought us too, was a change there in terms of BAT bought Saks New York.)
?: So that the expansion accelerated, the technological advances were beginning to take on a much stronger shape.
When I first started at Saks we didn’t have cash registers. Remember the ... we had. The stores had cash boxes so a whole systems development was making dramatic changes in terms of ... operate. We developed an organization around the mid-70’s to support the growth of the stores. There was no growth of ...

And so all of that I think the organization became professional ...

Q: You used the word open, less open then than it is today.

?: I think so.

Q: That’s interesting. Bigger but it was more open?

?: Well it has gotten bigger but they were still very much a family ... There are ... there is not a lot of formality there, there is very much a first name basis here. There is an association of assistant buyers ... not great formalities even though I think that the assistant buyer level out of respect, they might refer to people as ... And (inaudible). So I get a sense a more, an openness here that I didn’t early,

Q: Don’t you think, I’d like to ask you this, don’t you think it’s rather miraculous that with that many management changes there has been that much time for ...

BL: I don’t know if it’s miraculous or not. I think
that, I've only been here, the time period is relatively short. A lot of background I brought with me and that I can use to analyze ... here.

All of us around the table here are human resource people and that colors our prospective. I don't really personally care all that much about the quality of the merchandise. I do focus in a lot on the people. What I mean from a priority standpoint. [Quality in merchandise and quality in customer service] [Adam Gimbal started here and it has been so strong] that through it's own momentum it's part of the company and [it will probably never diminish] but I think what Bev was saying, at least [from my prospective, is that those standards on those two most important elements of the company] began to permeate other parts of the organization and I think that there has been a lot of improvement in quality standards on the people side and that the people in the organization police themselves a lot and I think what that quality level of the people and of the people's behavior and of the people's working relationships with one another that it now has built up the momentum that even though we have had four different CEO's during Bev's time that that quality among people has been generated and that that's going to continue it's own momentum. And when all of us are gone, I think it's all still going to be
there.

Q: There aren't too many organizations that can say that. That's why I say, I say miraculous in these times because it is also, since you're in human resources and you know the ego factor of management, you don't get to be President unless you've got a little ego box working, the tendency is to want to change everything.

BL: Yes but we have a rule here at Saks that none of us like to work around jerks. And we police that. And believe me there are fewer of them in this company and I've been associated with a lot of other big retail divisions and we have given all of ours to them. And this is a pretty nice place around here.

?: I'm glad to hear you say that, there are not really a lot of jerks around,

BL: No. We have a very high standard of human behavior at Saks Fifth Avenue.

Q: I think we should close on that. I think that ... I can see this is a headline to distribute program.

?: Fewer jerks than anywhere else.

Q: That is the reason they get this ... Thank you, thank you for sharing.

BL: Well we do have, I guess, we have done some research on FIT people and I guess,
Q: Yes, tell us. I should also ask you one more question. Tell me what education for this business needs to be today. What should our mission be to develop a passion for retailing and understanding what retailing has become? What should we be doing that we may not be doing, or what could we improve?

BL: Well it's very tough, really. Educationally. We, differences of opinion when you try and apply education to the retail industry. And I'm not really sure where we all come down on that issue. We'd like to recruit people, first and foremost, we'd like to recruit people that are smart. And you find smart people in a lot of different places and we have become convinced that there are lots of different types of education that fit in this environment and it probably does because we serve customers that represent lots and lots of different kinds of living and they have different standards and therefore we find that a liberal arts major out of Harvard can come in here and bring with them a set of skills they've developed in that curriculum that will help them out a lot here, help them be successful and that we can bring a business student out of Warton's and they can come in here and they could bring with them their skills and accounting and planning and finance and that would help them a lot. And we can hire, and we often do,
students out of FIT and they can bring specialized merchandising knowledge and skills they learned and they also can be very skillful.

And because we serve such a diverse community of customers, we can accommodate a very diverse community executives and if they have very diverse backgrounds, that almost is all the better.

Q: What is your fall out in terms of executive training? What percentage stay on after one or two years, from Harvard and these other schools?

BL: I think we find that among schools it probably is fairly comparable. We lose, we're going to lose 20, maybe 15% to 20% first year and then we're going to lose another 10% to 15% in the second. By the time we get to four years to buyer, we're probably going to have about 35% of the trainees left.

Q: Is that a higher average than most?

BL: I think it is higher than most. And if you go back and you look historically and say that we hire about 100 a year and that every year we're going to finish, following four year period, and the way I look at it is we're going to be ushering into Saks Fifth Avenue 35 experienced Saks executives and they're going to have a tendency to sort of stay with us then longer. Some of them
will leave too. But as they move up through the organization and if every year we’ve got 35 more that we’re putting in, 35 more that we’re putting in that eventually,

Q: Is that a wish hope or is that real?
BL: No, that’s based on numbers Bev gives me.
BEV: I don’t have those with me but that’s ..
Q: The reason I say that is because one of the people we honored last year, as you know, Mr. Salzberg of the New York Times, was 'The newspaper that makes the difference.' And I did a lot of reading of his speeches, he made some speeches to a lot of ... schools that he goes to and he made the point you know maybe ... have you people understand that going to journalism school isn’t quite enough. That .. about fashion, what the fashion business is and it is a very very complex industry ... going to know a lot about science. And one of the deficiencies of an education for a journalist is that it isn’t just learning what the skills are to be a reporter or an editor, but rather the subjects that you’re going to have to write about, you’re going to have to really be literally a renaissance man to be able to, and if you want to specialize ... you’d better go back to school and develop an education in architecture or culture or whatever it is.

And I’m thinking about what we’re talking about now
which is if you do get for example someone out of Harvard or out of Warton School and so on and there are certain areas of the business which obviously they are really qualified for management decisions but do they have that intensity of understanding about the changes that are absolutely revolutionizing our industry that impacts on every division of your company and how do we, how do we make perhaps our students who are now going to, our degree students better equipped for you because of the fact that we're giving them liberal starts and we're sending them over to Europe for six months to learn in our Florence School and they're coming out as more rounded people. But in turn what needs to be done to make those people who you get out of Smyth or the ivy league schools to understand your business. And that's something to consider also about this college, FIT, is there to develop people with a specific understanding of all, not only the marketing force of fashion, which is something we don't even teach, which I'm beating a drum beat for, if fashion is the drive wheel of business, in so many businesses, then are we giving our students a particular value benefit in sensitizing their eyes and in tuning them up to understand how fashion changes everything. And are they better equipped as professionals for your industry because of this special education, this special view from
the bridge that they get at this college? You know which is
the school is something we're thinking about and maybe some
time we can talk about that.

?: I think the two areas that I see that we have the
most difficulty in terms of developing, and the greatest
need for as we see our executives move along through the
organization is the much more highly technical information
where we could use some of FIT's expertise but I think on a
selective basis because we've got people who generally have
a broad liberal arts tied up in education. Now they may
have specialized in one thing or the other but they're
fairly broad thinking people. And I think we need to make
an attempt to screen people who have an awareness and an
interest and an understanding ... basic to put it.

The things that we find are most lacking as far as
skills among our people really are financial, analytical and
financial skills and some of the more technical parts of the
fashion business ... fabrication and some of the elements of
production. They learn a lot on the job too because fairly
good teachers ... latched on very closely with people who
have fairly sophisticated in their own way in their
knowledge of ... the business so they have, and I think
that's an element at Saks that is important education] ... of
people that is that they have generally I wouldn't call it
.. but generally they have come in ... who cares about their personal development and shares a lot of information.

But they don't get the financial.

Q: Do they get the culture? How many of them have memberships to museums, how many of them when they go on a business trip,

?: I think a lot, yes.

Q: Because that's what I want to know. The stores that I have worked in, to go back to what he says where he .. those jerks, stores that I have worked with, the buyers come, they are sent to the end of the world but they don't see anything. They might just as well be sent to 1411 Broadway.

So that is their whole cultural dimension that fashion requires today.

?: I think we hire them.

?: I was recruiting with Mr. Groveck last week ... see the little bit of turn around and he said you're with me on a buying trip, go see the Lure, I'd be madder even if you missed one of your ... So I know that that's the way he handles his business...

Q: Good. All right. So you said FIT students where are we?

?: Well you know I had just done some analysis of what
we had found in the FIT people we had hired over the last five years and we've hired 30. As a matter of fact we've hired more from FIT, it's the second highest school in terms of members.

Q: What's the highest?
?: Well UBA is the highest.

Q: UBA ... Why ...
?: I was just there Friday again and one of the things we were talking about when we were recruiting students is that they too had very high standards and are ... tradition and history there at the University and a lot of the way those people develop over the four years very comparably relates to our culture. They seem to make a very easy transition.

BL: It's probably academically one of the best schools in the United States, it's on par with the Ivy League schools, with several of them. And we find that there is a pretty good size population of north east residents ... And we also accidentally discovered the same set of circumstances with ... and those were the furthest away I guess that we would go and most of the rest of our recruiting is in this general Boston, New York, Washington area. But we had I guess especially good success with .. for the past three years.
Q: How high have they moved, the people that you hired from FIT, what ...

?: Well over the last five years to buyer, which is okay, it's in line with what's .. the progression.

Q: Anyone in the marketing department? Anyone in the, BL: We have one officer,

?: We have two,

BL: Two vice presidents,

?: And then there's the fashion director for mens and boys .. vice president, fashion director for .. So we have,

Q: Can I get a little bio on each of these people?

BL: On the,

Q: No, on all of your people?

?: Well I think we've got two buyers, and so those are the top people that we have.

Q: And the others are?

?: Trainees,

BL: Trainee, assistant buyers, We find that the FIT graduates, they turn over at the same rate that the other graduates do. They don't have a better retention record with us. They may somewhere else. But we are hiring quite a few from them.

?: We hired six in '88 for FIT and there's only one
left. So in 1989 we hired 11 and ... January we hired five.

BL: In cycles when you’re in campus.

Q: Be curious to know sometime why they didn’t stay.

BL: We talked to all of them,

?: Well we could get that.

Q: I think the FIT people and the ... and job placement need help by that,

BL: I didn’t know how it’s going to turn out but generally when we do look at reasons for turnover, we generally find that the reasons that ...

Q: Such a mixed bag of relocation, marriage, moving into...

BL: Didn’t like the business,

Q: [Have you also checked your out of New York stores?]

?: [We checked all of the management people. [But it seems many of our people from in the branch stores are not New York people to begin with]]

BL: And to comment on something that you said that I didn’t count on before when you talked about how mobile we are, I think that’s turning around.[We, this country, is not nearly as mobile today as it was a few years ago. And we have found that.]

?: Much more resistance.

BL: That we have more difficulty moving our own people, we’re a nationwide company and we can’t scoot people coast to coast with ease.] People,