

Norma Kamali Seeks Investors for New Line

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Norma Kamali

Photo By John Aquino



NEW YORK — Staying true to her own convictions, Norma Kamali is embarking on her next challenge: She is seeking investors for a new venture selling an accessibly priced product line on her Web site.

Kamali, who spoke Wednesday at the Fashion Institute of Technology, which hosted FashInvest's first "Capital Conference: Where Creativity Gets Down to Business," declined to provide specifics, stating the collection was still in the early stages but that it would be a line under her name.

Kamali said she felt a responsibility to design apparel that women could use for five to 10 years. Some people thought her venture with Wal-Mart featuring \$20 jackets and \$12 vests was a risky career move, given her existing high-end collections, she said. Kamali boasted the entire outfit she was wearing on Wednesday was from her line at Wal-Mart.

"I felt Wal-Mart wasn't a risk because it was a challenge I wanted to do," she said, noting the idea came from her work in the public schools, where she noticed that many moms didn't go to the parent-teacher meetings. "Some women were so embarrassed that they didn't go to the school because they didn't have anything to wear."

Neil Cole

Photo By: John Aquino



Norma Kamali told attendees one key to success is to "reengineer yourself." She noted that since starting in 1967, she's been through many changes, and that to survive, one must "stay true to yourself....Make those painful experiences the most valuable ones."

Thinking ahead continues to serve Kamali well, as she noted her firm was one of the first to communicate directly with consumers via her Web site in the mid-Nineties. These days the company is using technology to stay ahead of the curve in ways that help her customer shop better. One example is the "try before you buy" service that enables consumers to scan barcodes to determine if an item is within the price range sought, then try at home and garner opinions from friends and family for 48 hours before deciding to buy. The service is even set up to allow the use of Skype to communicate with friends wherever they are located. Purchases after the 48 hours are up are considered final sales.

The FashInvest event featured a gathering of established serial entrepreneurs, those seeking funding and venture capitalists. Founded by David Freschman and Karen Griffith Gryga, both experienced venture capital investors, the conference was set up to allow 15 firms the opportunity to give eight-minute presentations to

potential investors, get critiqued on their pitches by a panel of experts and listen to advice from those who have been there and done that.

Neil Cole, chief executive officer of brand management firm Iconix Brand Group Inc., described the company's evolution from its roots as footwear firm Candie's, and how he was always intrigued by the licensing model.

"It took 20-something years to make it work. I struck out a few times, at least twice, but I kept going. For entrepreneurs, when you're beat up, you've got to keep going. Today, the company is a licensing model. We only do advertising and marketing. We have no inventory, no capital expenses and over \$600 million in income that is guaranteed," he said.

Some keys to success have been the direct-to-retail deals his firm has done, include three each with Wal-Mart, Target and Sears/Kmart, two with Kohl's and one with Macy's. The Material Girl line with Madonna will be launching at Hudson's Bay in spring 2011, he said, after being introduced at Macy's this fall.

"A total of \$1.3 billion was paid for the brands [there are more than 20 now under the Iconix umbrella], and \$900 million was recouped in revenues, and we have \$12 billion in annual global sales," Cole boasted.

He candidly admitted, "I'm not a good operator, sourcer or retailer, but I'm good at marketing. Think of your specialty, of what you're good at...Find something you love to do and have a passion for doing it."

Cole is hoping the credit markets will open up further next year so he can make a few more deals in 2011 to add to his portfolio of "iconic brands."

Matthew Kaness, executive director of business development and strategy at Urban Outfitters, noted in the retail panel discussion that stores and catalogues are moving away from optimizing the density of pages in the catalogue and how it's more about advertising. "Listen to the customer [because she] is telling you which direction she is going," he advised.

He noted after the presentation that Urban Outfitters is still eyeing possible store openings for its Leifsdottir concept, but will see how that brand's handbag collection is received when it launches in February before deciding what the next move will be.

In addition, social media is playing a role in how the firm reaches out to its customer base. "Each concept has a different strategy," Kaness said, noting the Urban Outfitter customer, with its college-age demographic, is more into blogging and music, while the Anthropologie shopper prefers surfing the Web. That suggests that on the social media front, blogging and music would play a bigger role at the Urban site than at Anthropologie. He also reiterated the company's stance that it is always on the prowl for small acquisitions as a way of adding concepts to its portfolio umbrella.

Paul Hurley, founder and ceo of online shopping site Ideeli, told attendees, "It really does matter who your venture capitalists are. Getting the money is not the only thing. You need to have good people help you to think things through and you have to have the right people on your board."

Ben Fischman, ceo of Rue La La, advised the entrepreneurs, "Not all investors are the same. Getting to know the partner leading the fund-raising is critical to any deal." He also said it's important to give up some equity and control to build the company, but not when it comes to hiring senior members of one's staff.

Daymond John, founder of FUBU and co-star of the ABC show "The Shark Tank," was master of ceremonies coordinating the four three-member panels that provided feedback to the 15 presenting firms seeking venture capital funding. He told WWD that he's now contemplating investing in industries outside of apparel because of the inflationary costs — up to 30 percent and more — the industry has been hit with so far this year, due to rising labor costs and higher prices for cotton.

His advice to entrepreneurs pitching to potential investors is that the pitches should be shortened. "If you keep the presentation laser focused on just one segment, you would have a much better chance in gaining interest," he advised.