



## Changing Business Practices in Fashion: Liz Claiborne, an American Innovator: A New Era of American Design

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In 1976, Liz Claiborne created a design-driven sportswear company that would revolutionize the American fashion industry. In this essay, I focus on the period from 1976 to 1993, prior to Liz Claiborne's retirement from the company, including my experiences as head designer for the Liz Claiborne dress division from 1988 until 1995. Claiborne's visionary concept, offering affordable mix-and-match separates with the same fit, comfort, and quality standards as designer-level products, filled a void in the fashion marketplace. She sensed a missed opportunity to dress women who did not have to wear suits to work. Her timing was impeccable, entering the market at a time of tremendous growth in the female workforce. Claiborne's first collections of bright, comfortable, versatile, and affordable styles were well received by customers. With her unique approach to design, production, pricing, management, and marketing, the Liz Claiborne brand was born.

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In 1976, Liz Claiborne, with her husband Arthur Ortenberg and two other partners, created a design-driven sportswear company that would revolutionize the American fashion industry. Being a working woman herself, Claiborne understood the need for comfortable mix-and-match separates to replace the traditional grey flannel suit. Her visionary concept of offering affordable clothing with the same fit, comfort, and quality standards as designer-level products filled a giant void in the American fashion marketplace. In 1980, the year before the company went public, Claiborne's designs were so successful that she became the first

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woman in the United States to be named Entrepreneurial Woman of the Year.<sup>1</sup>

In 1986, the company reached \$ 1.2 billion in sales and was listed on the Fortune 500 (*Fortune Magazine's* 500 largest industrial companies in the United States). Claiborne's company was the first founded and led by a woman to achieve this level of distinction, and it was accomplished in record time (fewer than ten years). While Ralph Lauren was selling his "waspy," quintessential preppy styles, Liz Claiborne opted for a wider audience. Through her innovative use of design methods, manufacturing, and marketing, Liz Claiborne created sportswear separates for the modern working American woman. In this paper, I focus on the period from 1976 to 1993, prior to Liz Claiborne's retirement. Much of what I have included here is based on my first-hand experience from 1988 until 1995, when I was head designer for the dress division at Liz Claiborne Inc.

### History

When Liz Claiborne was 20 years old, she won the nationwide Jacques Heim design contest sponsored by *Harper's Bazaar* for her sketch of a woman's coat.<sup>2</sup> Before becoming the most successful women's apparel designer on Seventh Avenue, Claiborne worked for twenty years for various designers including Leser, Ben Reig-Kiam, Junior Rite, and Youth Guild at Jonathon Logan (where her name was on the label). While Claiborne was at Youth Guild, she sensed an opportunity to design clothes for an underserved market. She wanted to go out on her own for a long time but waited until her son was grown.<sup>3</sup> After presenting her concept to management at Jonathon Logan and being turned down, she founded the company, Liz Claiborne Inc., with approximately \$250,000, including \$50,000 of Claiborne's and her husband's savings.<sup>4</sup> Ortenberg was the company treasurer and secretary. Leonard Boxer, who was in charge of production, and Jerry Chazen, who directed marketing, were the other two investors who joined in the founding of the company. "Bernard Chaus, one of her competitors, describes the woman behind the glasses, president and CEO of Liz Claiborne Inc., the apparel company whose annual sales run about \$ 1 billion, as the great pathfinder."<sup>5</sup> She felt that clothing in the market was high-priced, uninspired, and often made of poor quality fabrics that did not provide inherent value for the customer.

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<sup>1</sup> "Liz Claiborne Biography and Much More" from Answers.com website, viewed 23 June 2008. URL: <http://www.answers.com/topic/liz-claiborne?cat=biz-fin>.

<sup>2</sup> *Harper's Bazaar* (Oct. 1949), 209.

<sup>3</sup> Patricia Sellers, "The Rag Trade's Reluctant Revolutionary: Liz Claiborne," *Fortune* (5 Jan. 1987), 36-38.

<sup>4</sup> Elsa Klensch, "The Business of Dressing America: The Success of Liz Claiborne," *Vogue* (Aug. 1986), 304.

<sup>5</sup> Michele Morris, "The Wizard of the Working Woman's Wardrobe," *Working Woman* (June 1988), 74.

### **Vision and Opportunity: A Design Formula for Success**

Liz Claiborne created a new foundation for the working woman's wardrobe with her unique design concept, which combined quality, high style, great fit, and an unparalleled value in the market. Her timing was impeccable. Between 1960 and 1979, the female workforce in America had doubled from about 23 million to 45 million.<sup>6</sup> She offered designs that were office-friendly, colorful, and that could be worn in different ways to make multiple outfits out of a few key pieces. She focused on bringing stylish, well-constructed clothing to the working women of America. She did not care to be considered a "trend setter," however, and viewed herself as one of her own down-to-earth customers, whom she often referred to as the "Liz Lady." The idea of designer quality at non-designer prices was one that provided a fundamental departure from the way Seventh Avenue had conducted business through the early 1980s.<sup>7</sup>

### **Design Concept**

Liz Claiborne listened to her customers. She believed fit and color were key components to good design and that clothes should be comfortable. To make sure her customers had choices, she often incorporated European elements into her sportswear pieces.<sup>8</sup> For example, in the early 1970s she offered culottes, which are full pants that can look like a dress. She also introduced the (longer) tunic, which could be worn alone in summer as a dress or with a skirt to be appropriate for the office, or with pants for relaxed weekend dressing. Such items became part of a revolution in mass market day-to-dinner dressing. "The range of pieces in each season's line is breathtaking."<sup>9</sup> There were colorful tailored separates, based on classics, as well as soft knit pieces with contemporary details and special embellishments for the customer to "wardrobe" herself. Her concept immediately caught on and the Liz Claiborne brand was born, forever changing the way women dressed and shopped in America.

### **Value and Quality**

Calvin Klein and Bill Blass had been providing ensemble sportswear at designer-level (higher) prices for years. Jones New York and Evan-Picone were addressing the corporate working woman, but not necessarily other women in the workforce. Liz Claiborne's concept was a simple one: women should not have to spend a fortune to look good. Part of the value

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<sup>6</sup> George Thomas Kurian, "Marital Status of Working Women in Civilian Labor Force, 1960-1998," *Datapedia of the United States, 1790-2005* (Lanham, Md., 2001), 95.

<sup>7</sup> James Traub and Marvin E. Newman, "Behind All of the Glitz and Glitter, the Garment District Means Business," *Smithsonian* (Aug. 1985), 30.

<sup>8</sup> Liz Claiborne was born in Belgium to American parents and spent much of her youth in Europe.

<sup>9</sup> Adelle-Marie Stan, "Four Designing Women," *Ms.* (Nov. 1986), 51.

concept was to allow women to “wardrobe.” They could wear the pieces as ensembles or mix and match them to create a whole new look at the “better” (more affordable) price range.<sup>10</sup> Claiborne believed that these items would not seem as expensive if they could be worn in many ways, or as part of different outfits. She spent a lot of time in stores across the country listening to both salespeople and customers to find out exactly what they wanted and what they thought about her designs. The Liz Claiborne label became known for its high-quality materials, good fit (always consistent), construction, color selection, modern clean silhouette, and excellent value.

### **Fit Is the Focus**

Claiborne acknowledged that the majority of American women were pear-shaped, in contrast to the stick-thin runway models, and she incorporated this view into her design philosophy. She believed in using models in the showroom who were more “average” height than much of Seventh Avenue, generally no taller than 5 feet 7 inches. The models also represented a variety of body types, making it easier for department store buyers to envision the styles on a broad range of customers. “As a measure of her success, when Ms. Claiborne retired from active management of Liz Claiborne Inc. in 1990, it was the largest women’s apparel maker in the country, with \$1.4 billion in sales.”<sup>11</sup> This success was due, in part, to the company’s ability to hold down prices through a major shift in production practices. Manufacturing garments mostly in the Far East resulted in higher quality, lower costs, and increased margins starting in Claiborne’s second year of business.

### **Innovations in Production, Pricing, and Management**

After one year of producing all of her garments in New York, Liz Claiborne Inc. tested the concept of manufacturing goods overseas. She wanted the same high quality for her products that she was getting in New York, but at a lower cost. She also had an unconventional pricing strategy for her products, enabling her to look at design differently than some of her competitors. In addition to careful consideration of product, Claiborne made it a top priority to maximize the potential of the staff and spread her entrepreneurial spirit.

### **Developing Overseas Production**

Leonard Boxer, who was one of the founding partners with Claiborne, pioneered the company’s efforts overseas and made it one of the first to successfully turn out consistently high-quality merchandise for a good

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<sup>10</sup> Elaine Stone, *In Fashion: Fun! Fame! Fortune!* (New York, 2007), 194.

<sup>11</sup> Sellers, “The Rag Trade’s Reluctant Revolutionary,” 36-38.

value.<sup>12</sup> With special hands-on training for the factory employees in Asia, Liz Claiborne Inc. became one of the first to deliver the same quality with lower prices and larger margins.<sup>13</sup> This provided an immediate advantage: the ability to deliver high quality designs below market costs. In mid-1976, the company established a production control office in Hong Kong, which was another unique way that Liz Claiborne did business. At a time when most designers were producing what they sold, Liz Claiborne Inc. was selling what they produced. The Liz Claiborne showroom salespeople became responsible for “selling” the styles (to store buyers) as close to how the company “owned” them as possible. Because the factories were trained to produce to Claiborne’s standards, they became first-class quality makers, moving the industry ahead.

### **Unique Pricing Strategy**

Liz Claiborne believed in unique and unconventional pricing. This allowed the company to set the retail price at what they thought the product was worth to the customer. Claiborne used this thought process to aid in the design of the garment. Product from market competitors and fair market value were taken into consideration, but if the “right” price for a dress was \$98, then regardless of the industry standard mark-up, that was where Liz Claiborne set the price. She was ultimately concerned with what the customer would actually be paying for her designs. Liz Claiborne took the time and energy to know her customer and to grow her “team” (staff).

### **Management Style**

Liz Claiborne’s management style was one of true “team spirit.” Although she demanded excellence, she made it a priority to foster each individual team member’s enthusiasm. She carefully selected people for various positions and relied on them for their input; she always encouraged employees to challenge themselves, asking them what they could do to make something good into something even better. As the company grew, Liz Claiborne promoted the cross-pollination of new and fresh ideas by conducting weekly design meetings within divisions, and monthly meetings with designers from other divisions of the company. She was a great nurturer of talent.<sup>14</sup> She became known for encouraging the promotion of up-and-coming female fashion designers and executives.

Although it was often said that perhaps Claiborne was not tough enough, those around her always knew if something they had done did not meet her expectations. Compared to some Seventh Avenue design companies at the time, which have been described as complicated,

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<sup>12</sup> Lisa Lockwood, “Leonard Boxer, A Founder of Liz Claiborne,” *WWD* (12 Feb. 2009), 19.

<sup>13</sup> Liz Claiborne Inc., company website; history overview, viewed 23 June 2008. URL: <http://www.lizclaiborneinc.com/company/history.html>.

<sup>14</sup> Morris, “The Wizard of the Working Woman’s Wardrobe,” 74.

demanding, competitive, and politically difficult, the culture at Liz Claiborne Inc. was one of camaraderie and support.<sup>15</sup> Everyone at her company was on a first-name basis: “Even the company directory lists its 3,400 employees alphabetically by first name.”<sup>16</sup> Her positive approach in the design studio and showroom in New York translated directly into the success of the product in the stores.

### **Marketing Innovations**

Marketing innovations were another key component of Liz Claiborne’s success. In 1987, Liz Claiborne Inc. opened the first “store-within-a store,” based on the concept developed by Ralph Lauren, who had opened his one year earlier. This allowed department stores to put all of the related pieces from the brand in one place and streamlined the customer’s shopping experience. For setting up departments within the store correctly, “Claiboards” or “LizMaps” were developed.<sup>17</sup> Designs were sketched in a computer program and showed the proposed store layout with all of the available colors and suggested combinations. The company developed a revolutionary reporting tool, called SURF (Systematically Updated Retail Feedback System), which tracked selling on the retail floor. Liz Claiborne and her design and merchandising teams used this information to develop the styles and concepts for upcoming seasons; these details were important for making decisions almost a year in advance.

Liz Claiborne’s husband, Art Ortenberg, was instrumental in convincing her to add two pre-seasons (pre-spring and pre-fall) to the existing four seasons for shipping clothes. Adding pre-spring and pre-fall deliveries allowed for year-round production and the continual delivery of fresh, new product into the stores.

### **Store-within-a-Store Concept**

Liz Claiborne ensured her company would be closer to the customer by introducing company-owned boutiques in better department stores throughout the United States. The first such boutique was located in Jordan Marsh in Boston, in 1987, and the company followed with forty additional boutiques throughout the United States in the next two years. Claiborne knew her customers had busy lifestyles and limited time and wanted them to be able to find everything they needed in one place. Liz designed the right amount of coordinated styles to fill the “shop” and she and her staff dictated what would be featured front and center on display. Thus, the store’s staff, trained by Liz Claiborne Inc., could gather feedback for the design team in New York in addition to building sales.

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<sup>15</sup> Veronica Manlow, *Designing Clothes: Culture and Organization of the Fashion Industry* (New Brunswick, N.J., 2007), 176.

<sup>16</sup> Morris, “The Wizard of the Working Woman’s Wardrobe,” 78.

<sup>17</sup> “LizMaps” was the term used in the dress division for “Claiboards.”

### **The Retail Floor: LizMaps and the SURF Report**

Liz Claiborne tracked her customers through a sophisticated retail report called the SURF report. This system gave the company the ability to track selling by size, color, and pattern of each style sold, as well as where certain designs and styles sold better. No other company was doing this at the time. This tool aided in the design process, and helped Liz and her staff with decision-making for the next season. Liz Claiborne insisted that company division presidents and their designers travel frequently to stores in the United States to experience the customers' reaction to the merchandise first-hand. She followed her own advice: "In fact, Claiborne said she sometimes would go into the dressing rooms pretending to be a salesgirl and would tell the customers how to wear the clothes. Later, she'd tell them she was Liz Claiborne."<sup>18</sup> LizMaps, or Claiboards, were developed to allow the designers to determine exactly what styles went where on department store floors. More often than not, the outfits were sold exactly as they were displayed. Liz based much of her success on how well she knew her customer.

### **Six-Season Delivery Cycle**

Retailers eagerly supported Liz Claiborne's decision to implement the two new seasons (pre-spring and pre-fall) for delivering clothing, which changed the ready-to-wear calendar: "This means that every two months they're producing a new line. It's very difficult to manage. Bernard Chaus hasn't been able to do this."<sup>19</sup> The fact that Liz Claiborne insisted that the design team work so closely with production was one of the keys to her success. This strategy paid off, and sales per square foot increased, reflecting the customers' enthusiastic response to a broader assortment and the steady influx of new styles.

Liz Claiborne Inc. remained a fashion mainstay until the mid-1990s. After Liz Claiborne retired in late 1989, the company pursued a variety of avenues such as their foray into the moderate business with the purchase of brands such as Crazy Horse, Russ, and Villager. In 1997, the license to produce DKNY (Donna Karan New York) Jeans was added, followed by many others for fragrance, eyewear, footwear, swimwear, and watches. By late 2007, the company adopted a thoroughly "brand-centric" approach and focused on building lifestyle brands that could resonate with customers worldwide. The Liz Direct Brands include Juicy Couture, Kate Spade, Lucky Brand Jeans, Enyce, and Mexx.<sup>20</sup> In an attempt to modernize the core Claiborne label, American designer Isaac Mizrahi was hired for a spring 2009 re-launch. This included introducing a new logo, with the mention of New York within the design. This was to emphasize

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<sup>18</sup> Lisa Lockwood, "The Start of Something Big," *WWD* (27 March 2006), 11.

<sup>19</sup> Morris, "The Wizard of the Working Woman's Wardrobe," 74.

<sup>20</sup> Liz Claiborne Inc., company website, "our brands;" viewed 23 June 2008. URL: [http://www.lizclaiborneinc.com/ourbrands/brand\\_index.html](http://www.lizclaiborneinc.com/ourbrands/brand_index.html).

Liz Claiborne Inc. as a designer brand centered in the U.S. fashion capital, and to compete with major competitors, such as Jones New York.<sup>21</sup> When he was interviewed for *Vogue* in February 2009, Mizrahi said, “I’m inspired by the memory of Liz Claiborne. She was such a chic presence. If you’re designing a collection for women in this country, you better get out there and see women in this country!”<sup>22</sup> Mizrahi went on: “Liz was a symbol of everything that worked in this country. When Liz was alive, it was a wonderful, friendly brand; snappy clothes that weren’t terribly expensive. Then it got really bad, and now it’s good again!”<sup>23</sup>

When Liz Claiborne died in 2007, the fashion world lost a true visionary. A year later, in July 2008, a star in her honor was added along Seventh Avenue’s Fashion Walk of Fame.<sup>24</sup> The Council of Fashion Designers in America (CFDA), with a major endowment from Liz Claiborne’s husband, Art Ortenberg, created a prestigious new \$25,000 Liz Claiborne Fashion Scholarship Award. This design award program recognizes the important contributions Liz Claiborne made to the fashion industry. The competition brings her innovative design aesthetic into the classroom and challenges students to “re-interpret Claiborne’s concept of design—‘fit the way you live’—to dress women of the 20<sup>th</sup> century.”<sup>25</sup> The legacy and innovation of Liz Claiborne live on.

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<sup>21</sup> Whitney Beckett, “Claiborne Updates Logo,” *WWD* (1 Aug. 2008), 3.

<sup>22</sup> Lynn Yeager, “Liz’s Whiz,” *Vogue* (Feb. 2009), 221.

<sup>23</sup> *Ibid.*

<sup>24</sup> Rosemary Feitelberg, “DVF, Claiborne Join Walk of Fame,” *WWD* website; viewed 13 Aug. 2008. URL: <http://www.wwd.com>.

<sup>25</sup> CFDA website, “The Liz Claiborne Fashion Scholarship Award;” viewed 2 May 2009. URL: <http://www.cfda.com>.