



BRIAN BREAKS OUT

ATWOOD SETS EXPANSION PLAN.
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Period Piece

From "Game of Thrones" to "The Borgias," some of TV's biggest epoch shows are influencing today's lingerie designers. Flora Nikrooz, for example, had "Boardwalk Empire" on her mind when constructing this polyester charmeuse and chiffon romper. For more, see pages 4 and 5.



MODEL: JESSICA HELMANN; HAIR BY NATASHA LEBEL; ARTISTS BY TIMOTHY PRANO USING MAKEUP FOR EVER; AT-AMI BEAUTY MANAGEMENT; FASHION ASSISTANT: CATERINA SANDOVAL

PHOTO BY THOMAS IANACCONE; STYLED BY BOBBI QUEEN

OPTIONS, GRANTS DRIVE GAINS

Fashion's Talent Race: Executive Pay Soars

By EVAN CLARK

THE PAY AND the perks at the top are good — very good.

Sixty-seven fashion executives logged compensation of more than \$5 million last year, according to a WWD analysis of publicly traded brands and retailers in the U.S.

A lot of that compensation is just paper, though — stock and option grants made up the majority of many executives' pay and pushed total compensation for the group to \$880.6 million. While that's a large number by any measure, it completely depends on how much the 67 executives earn from cashing in all those options and grants. It could be less.

The key pay-package trends for last year included: ■ J.C. Penney Co. Inc.: The reinventing retailer dominated the leaderboard with chief executive officer Ron Johnson taking the top spot as a large options payout pushed his compensation to \$53.3 million. Three other current and former Penney's executives were in the top 10.

■ Chief executive officers: most of the top earners are ceo's. Exceptions include Reed Krakoff, president and executive creative director at Coach Inc.; Daniel Walker, chief talent officer at Penney's; Donald

COMPENSATION CLOSE-UP

- A LOOK AT THE TOP 15
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 - C-LEVEL PERKS
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Brennan, chief merchandising officer at Kohl's Corp., and Kathryn Tesija, executive vice president and president of merchandising at Target Corp.

■ Fatter paychecks: compensation jumped 30.9 percent to \$738.9 million from 2010, excluding the seven executives who were new to their jobs last year.

Experts attribute much of the increase in pay to the supply-and-demand economics of the c-level employment market. To put it simply: there are too many companies desperate for top-notch talent — and too little of it. With so few true executive superstars around, companies looking to recruit them have to pay up. Companies also have to make up for the pay those executives leave behind in their old jobs, since they likely were highly paid already.

"You're seeing an option play that's extraordinary," said Les Berglass, chairman of executive search firm Berglass + Associates. "For the past three or four years, boards could get away with buying talent. Now, not only do they have to buy the talent, they have to buy out their options."

Large fashion companies are increasingly seen as needing generalists, executives able to oversee sprawling corporate empires and work with a range of strong personalities with very different skills.

"You're buying a different breed of thoroughbred that will be much more expensive," Berglass said. "The bottom line is that the marketplace defines the compensation, not edicts from the government or a board.... You can't force successful executives into taking a job; you have to give them more money."

Penney's, which last year assembled a team to reinvent the struggling 1,100-door chain, went on the biggest poaching expedition last year.

Johnson took his chief talent officer Daniel Walker from Apple Inc. and convinced Michael Kramer to give up his gig as ceo at Kellwood Co. to be the retailer's chief operating officer. Johnson also dipped into Target Corp. for Michael Francis, but the association didn't last, and Francis abruptly left Penney's in June.

Francis offers a good case study for just how slippery the official compensation figures can be. Had he stayed at Penney's, Francis would have rated as the

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Kicking It Up

**Eyewear pushes pricing limits with exotic materials.
By Alexandra Steigard**

EYEWEAR IS MOVING BEYOND plastic and metal.

Exotic materials like leather, wood, enamel, pearl, bone, buffalo horn, and semiprecious and precious gems are in demand — and the industry is taking notice.

“The consumer is looking for that one special piece,” said Joyce Pokoy-Kurtulus, executive vice president of product design and development at B.Robinson. “Four or five years ago, it might have been loud and over the top, but the consumer has evolved and now wants something supersophisticated and luxurious, yet understated.”

According to Pokoy-Kurtulus, whose company produces eyewear for Judith Leiber and David Yurman, eyewear is becoming more “streamlined” and less “logoed.”

One way brands are differentiating themselves is by uncovering new combinations of materials. Known for a flashier frame incorporating crystals, Judith Leiber is taking a more muted yet still edgy approach for its 2013 collections.

“This whole fluorescent thing is going away — thank goodness,” Pokoy-Kurtulus said. “We are moving toward rich colors.”

Once focused on weaving neons and crystals into its frames, Leiber is now mixing stones, enamel and leather with deep purples, blues and greens. The effect is not only more modern, but it also appeals to a younger consumer.

For Yurman, B.Robinson has cycled in green onyx, blue lapis and rust-colored carnelian stones to mimic the brand’s jewelry collections next year. The hope is that the softer color palette will lure in new consumers looking for subtle luxury. And while the color palettes have changed for both Leiber and Yurman, they are still sticking to classic silhouettes, which are integral to their brands’ DNA.

Staying true to the brand’s core is also vital to both Leisure Society and Oliver Peoples. Both brands trade on their classic yet innovative designs.

For Leisure Society, designer Shane Baum hasn’t tried to reinvent the wheel, but he has taken advantage of plating technology that has allowed him to create 12-, 18- and 24-karat gold-plated titanium frames.

“All of our frames are gold,” Baum said, adding that the brand will integrate diamonds and horn insets into frames. “Without innovations in technology, this couldn’t be possible.”

While Leisure Society’s customized glasses can cost tens of thousands of dollars, the standard frames retail for between \$500 and \$1,500.

“When the economy took a turn, people wanted to be more discreet,” said Lise Tyler, Oliver Peoples’ design director. “We continue growing with classic silhouettes and think of ways to make them fresh.”

The brand’s glasses retail on average for between \$325 and \$700. Peoples

focuses on vintage looks by using beveled handmade acetate, buffalo horn, enamel and precious metal plating.

Like Oliver Peoples, Morgenthal Frederics’ success is linked to its classic sensibility. Celebrated for its buffalo-horn frames, the brand has been working with the material for roughly eight years, honing the technique of manipulating, layering and dyeing horn, said Jeff Press, vice president of merchandising and design.

“We are looking at new materials, but when you’re a brand like Morgenthal, it’s really about the best materials you can create,” Press said. “Horn is classic and timeless. Each frame looks totally unique. It gives us a jewelry-type feel.”

But Morgenthal, whose horn frames start at \$1,495 and run up to \$2,195 for a pure white buffalo-horn frame, is



Gucci’s biodegradable “liquid wood” sunglasses with recycled metal hinges and mineral glass lenses.

now thinking beyond buffalo horn, and adding wood to the mix.

Set to launch in August, the brand has worked with Chrome Hearts to release a 24-karat rose-gold aviator with albino madrone on ebony for \$2,995, as well as a silver aviator with walnut-wood temples for \$1,995. Produced by Chrome Hearts, both limited-edition styles will be available in Morgenthal stores next month.

Chrome Hearts, which launched 11 years ago, heralds its unique use of special materials as central to its identity. Inspired by vintage looks of the Seventies with a rocker twist, the brand uses leather, crocodile, wood and pearl inlay.

The use of natural materials juxtaposed with industrial materials such as aircraft-titanium engraved crosses, and precious materials like gold, platinum and diamond, creates a customizable niche product.

“We have the most technical frames in the optical business,” said Chrome Hearts’ technical eyewear designer Troy Schmidt.

Chrome Hearts peppers in more precious materials, like silver and leather, as accents to the frames’ temples. The glasses have also become more wearable — and more expensive.

“We opened up a new market in terms of — you can say price point, but it’s craftsmanship,” Schmidt said, pointing to the high cost involved in using silver, gold, diamonds and platinum. “Prices



Dior’s layered-acetate sunglasses with leather-covered temples.

have gone up considerably. We began with \$400 as our opening price point. Now, \$795 is the bottom.”

A pair of Chrome Hearts frames averages in the \$2,500 range but can spike to \$28,000, depending on jewelry and customization. Coming off a recession, it seems hard to believe that people are willing to shell out thousands for frames, but high-end consumers are spending big again — they’re just buying less. With more customers looking for unique, high-value product, there has been a crowding of the marketplace. Schmidt called it a “divide” between smaller brands, like Chrome Hearts or Morgenthal, and larger eyewear conglomerates that produce glasses for designer brands.

“There’s a crew that buys Gucci, Chanel and Dior, and there’s that price point Linda Farrow falls into, and then there’s us,” he said.

Although Schmidt put Linda Farrow on the other side of the divide, Simon Jablon, Farrow’s creative director, concurred that there is indeed a chasm.

“There’s a break in what we consider luxury and accessible luxury,” he said, noting that the use of precious materials is spurring the divide. “You can get a designer brand at an accessible price point. People come to Linda Farrow for more fashion, more statement, more color.”

Like Chrome Hearts, Linda Farrow — which makes its own luxe eyewear line and collaborates with such brands as The Row, Alexander Wang, Dries Van Noten and Oscar de la Renta — works with high-end materials, including pearl, diamonds, gold, alligator, python, lambskin, horn and even mammoth tusks sourced from Siberia.

For its luxe line, Linda Farrow has developed a process to create 24-karat-gold-plated lenses. Eyewear for that collection retails between \$500 and \$1,500, while frames for Oscar de la Renta, made from wood, buffalo horn and semiprecious stones, including jade and tigereye, generally cost between \$400 and \$1,000. This summer, the company will launch a fine jewelry collection that incorporates 18-karat solid-gold frames with diamonds, sapphires and rubies. The ultraupscale line will start at \$10,000 and reach the \$30,000 range.

Despite the use of high-priced materials, there are plenty of industry veterans who disagree with the assessment that there’s a division in the industry that’s linked to quality.

For companies like Safilo, whose portfolio varies widely in price, precious materials or limited-edition collections aren’t what’s most important. Chief executive Roberto Vedovotto stressed that

his firm focuses on distinctive designs, then using high-end materials.

Case in point: Safilo is releasing what it calls “liquid wood” sunglasses for Gucci in 2013. Featuring black bamboo arms with gold accents, the frame is actually a new material made from paper, natural wax and wood fiber sourced from a sustainably managed forest. The shaded gray lenses are “mineral enhanced,” the hinges are made from recycled metal and the packaging is 100 percent recycled, Vedovotto said. The first liquid-wood styles will be in stores by the end of 2013, but if that’s too long of a wait, non-eco-friendly replicas are currently available for \$325.

Safilo will also release a limited-edition style from Bottega Veneta’s fall runway show. Made of black acetate, the sunglasses have braided nappa-leather temples and will be available this fall in Bottega Veneta boutiques. Dior is making over its women’s sunglasses collection with crocodile detailing that will hit stores in December. Pricing for the Bottega and Dior lines has yet to be determined.

Dior will also roll out a fall couture-inspired collection called Taffeta that will retail for \$310. Sunglasses from this line have three layers of acetate on the front of the frames, and their temples are covered in leather. “It’s very interesting what’s going on right now. Consumers want something very unique, and we have to follow this trend and provide a uniqueness that goes beyond the usual acetate and metals,” said Milena Cavicchioli, vice president of marketing at Luxottica. “We are committed to quality and innovation, which means we are trying to find new materials, new finishes.”

Like Safilo, Luxottica, which is the world’s largest eyewear manufacturer, is making a push to add that extra detail to its frames.

For Chanel, that means Luxottica has added mother-of-pearl, ebony wood and calfskin and lambskin leather to the temples of a new color-blocked capsule collection that is already in the brand’s boutiques. Burberry has released a mahogany-wood collection of cat-eye and vintage round optical frames retailing for \$310, while Dolce & Gabbana has launched two gold-plated frames for women and one foldable gold men’s aviator for summer, retailing for \$600.

“Procuring these materials is a process. It has a cost, but it also has a meaning,” said Cavicchioli, who explained that consumers often consider known designer labels before smaller eyewear makers.

“I think first and foremost, consumers look at the brands. We don’t even have to attract them,” she said. “But we’re not a threat to those smaller brands. There’s room for everybody.”