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Chinni plans to revive Fortunoff brand, business

Uniondale, N.Y. – Stabilization and turnaround are the two key immediate challenges for Charles Chinni, newly named chairman and ceo of specialty retailer Fortunoff.

“Fortunoff is an iconic brand – I’ve referenced them for years during my career at Macy’s and JCPenney,” Chinni related. “The big problem is that they were slow to change from a formal lifestyle to a casual lifestyle that consumers were adopting, but the franchise is really solid.”

Replenishing inventories, because of the company’s Chapter 11 status in recent months, will be an important element of the stabilization, as will simply letting customers know the retailer is still in business. Fortunoff did \$439 million in sales in its most recent full year, the company said.

But while home is a major portion of the company’s sales, Chinni’s immediate challenge is to plan and open Fortunoff fine jewelry departments in the 47-unit Lord & Taylor department store chain that also is owned by NRDC. (NRDC also owns Linens ’n Things, in a partnership with Apollo Management.) The investment company last week completed the purchase of Fortunoff out of Chapter 11 bankruptcy. This rollout of the jewelry departments into L&T is Chinni’s second priority for the year.

Looking ahead, he told HTT, “We will continue the rollout of the outdoor furniture stores in 2009. There already are 14 outdoor stores – which convert to indoor furniture from September to January – and new stores already are in the capital budget for next year. They have been an incredible success.” NRDC has noted the potential for as many as 300 outdoor units.

Another opportunity expressed by NRDC executives before the acquisition became final was the potential to integrate Fortunoff’s home business into Lord & Taylor, now strictly an apparel retailer. Lord & Taylor years back was an important force in better and high-end home furnishings. “We will develop a plan for this, this year,” he said.

Looking at specific home categories, Chinni cited window coverings as especially strong. “I ran the biggest window business in the country at JCPenney. Fortunoff has maintained its major commitment to this business in space, merchandising and product. It has a more upscale customer than Penney – 25% of its window business is in silk.”

In bedding, the store’s private brand, Hotel Linens, is a big business “and raises the question of whether and how we have the opportunity to do more private label with a celebrity or designer,” noted Chinni, who shepherded the Chris Madden home program at Penney. Overall, “We are a full line designer store; the key designers are a very important part of the home mix, and we give them lots of attention and service.”

As for the full line stores that now number four, Chinni said, “We are reviewing the opportunity for more. We’ve been successful with them, but didn’t keep pace with the changes in lifestyle.” Currently there are full line units in Westbury and White Plains, N. Y.; and Woodbridge and Wayne, N.J.

Chinni succeeds Arnold Orlick, who joined the company in 2006 and left last week. Joining Chinni as new to the store’s executive ranks is Don Watros, who has been named vice chairman in addition to his current role as NRDC’s managing director of retail operations. He joined NRDC in 2006 and was chief administrative officer for Saks Fifth Avenue before that.

Chinni retired last year from JCPenney, where he had been evp, home. He joined Penney in 2001. Earlier he had been ceo of specialty retailer Stroud’s and prior to that was with Kmart. He spent much of his career at Macy’s and Bamberger’s.

NRDC officially closed in the acquisition of Fortunoff in a \$110 million transaction that includes a \$30 million contribution intended to cover the company’s customer obligations. Fortunoff most recently was owned by Trimaran Capital Partners and K Group, equity companies.