

FASHIONISTA

HOW ADAM PRITZKER IS BUILDING AN AMERICAN FASHION CONGLOMERATE OF BRANDS THAT MAKES SENSE

Assembled Brands is adding to its chic portfolio of labels like The Line, Khaite, Pop & Suki and more.

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OCT 13, 2017



Jessica Michault, Cate Holstein and Adam Pritzker at the 2017 Fashion Tech Forum.

Photo: Graylock/Fashion Tech Forum

On Wednesday, Coach Inc. [announced plans to change its name to Tapestry, Inc.](#), further shaping its identity as a conglomerate, or something like it. Industry insiders have long asked the question of [why the U.S. doesn't have a big fashion group akin to](#)

[LVMH or Kering](#); and Coach, er Tapestry, Inc. CEO Victor Luis seems set on providing an answer. (So far he's lead acquisitions of Stuart Weitzman and Kate Spade.) Also in the running is The Collected Group, owner of contemporary brands Joie, Equipment and Current/Elliott, which [recently hired Sarah Rutson to help build out its portfolio](#). But what if the big American fashion group to reach LVMH levels of relevance and success is a company that looks a little different? What if, in this rapidly evolving retail and media landscape, it has to be?

In 2013, after co-founding and raising millions for tech-education platform General Assembly — which landed him a *Forbes* 30 Under 30 spot at 28 — Adam Pritzker started [Assembled Brands](#), a "modern holding company" for small fashion and lifestyle brands. [The Line](#), [Protagonist](#), Khaite, Tenfold, [Margaux](#), Figue and [Pop & Suki](#) are all now engaged in some level of partnership with the company, which employs 65 people.

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Pritzker, a scion of the Hyatt Hotels family, started the company with \$200 million per a [2014 *New York Times* article](#), and chose fashion because he felt it was an industry, unlike tech, in which he could actually make a difference. "I was interested in providing tools to entrepreneurs to help them advance their careers and I felt that gap had, in a certain sense, been filled in the technology sector," he told me backstage after a panel at Friday's Fashion Tech Forum in Los Angeles. "I didn't know what I could add whereas in this industry I really had a sense of what I could add because I felt like small designers of products, across the board, really were very underserved." During his panel, he compared the concept to Y Combinator, a prestigious [accelerator](#) for early-stage tech startups.

He began by helping Vanessa Traina build The Line, a luxury multibrand e-commerce site with physical locations (called The Apartment) in New York and Los Angeles — both of which also house Assembled Brands offices. Pritzker is currently based in LA. (So is Dutch, LLC — further proof of LA's increasing relevance in the fashion biz?)

Pritzker intentionally started with that one project, followed by incubating the minimalist clothing line brand Protagonist, in order to identify all the problems and pain points that come with owning a fashion business. "We felt that to offer technology and services (to small fashion brands), we had to live the pain firsthand, so we went through the excruciating exercise of building a multi-brand retailer," he said during his panel discussion. Assembled Brands subsequently incubated the brands Khaite — whose founder Cate Holstein was also on the panel — and Tenfold. AB's suite of services now include finance and accounting, capital and underwriting, content creation and marketing, sales and clienteling, forecasting and distribution — basically all the things designers don't want to deal with, don't have time to deal with and/or don't know how to deal with successfully.

"We're a holding company in structure, but we're really an alliance in mindset and the idea is, let's band together, let's lower our operating costs, let's expand our distribution and let's allow our brand creatives like Cate to focus on product development and brand identity." The company's finance team also keeps those creatives in check. "If I had launched on my own and raised money on my own, I probably would've spent all my money by now," Holstein admitted.

The founders of accessories brand Pop & Suki — actress Suki Waterhouse and her friend Poppy Jaime — thought they'd keep their distribution small and direct-to-consumer, but with a new Nordstrom partnership and investment from Assembled Brands, that won't be the case. The brand's CEO Leo Seigal explained that they had a number of financing options and chose Assembled Brands, largely because of its existing portfolio of "chic" brands like The Line and Khaite, which he felt legitimized the company. Their know-how when it came to fashion business operations and wholesaling, and industry connections, were also a big draw. They're also much better than VC's: "As far as investors and financial backers go, they really give you so much breathing room; they're never breathing down our necks; they're just like, 'How can we help you? How can we add value without being annoying?'"

We also reached out to the founders of Margaux, who said, jointly, "Assembled Brands was exactly what we were looking in a strategic partner at a critical inflection point in our company's growth. They had the financial expertise to prepare our business for scale, a deep understanding of the nuances of retail businesses, and a powerful network of partners and advisors that they opened to us."

The next phase for AB, which has been in full swing over the past six months, is bringing on more brands, which it sounds like hasn't been too difficult. Pritzker, of course, isn't doling out AB's money and resources to just anyone. While he doesn't come from a fashion background, he does count Gucci Group co-founder and Tom Ford Chairman Domenico De Sole as a mentor, and looks for what De Sole felt were the key metrics of success: topline growth, maintained margin — after all markdowns — repeat purchasers and how replenish-able the goods are.

He also looks for brands with "core product," around which collections can be built. From the outside, these aren't traditional fashion and accessories brands: None of them hold runway shows during Fashion Week; and many of them sell direct-to-consumer and are decidedly digital-minded. During our chat, Pritzker explained that the traditional fashion business model, wherein magazines identify the best designers and buyers go to shows to writer orders, is no longer relevant now that brands can tell their own stories on social media and no longer need to rely on third-party retailers for revenue — nor can they now that so many retailers are financially insecure. "Having models walk down a runway so buyers can make buys seems like a lot of money for not a lot of return," he said, also noting that water is wet. (We kid.)

Pritzker isn't looking for the next Christian Lacroix or Alexander McQueen or Rei Kawakubo. As he put it during the panel discussion, "We want to bring art and culture into everything we do, but I think at the end of the day, the goal of a brand is to develop products that people want to buy and want to spend money on, and that is the primary objective, and I think we should be honest about that." It should be common sense, but it isn't for so many designers.

Now that he has a decent stable of brands, Pritzker is thinking about how to scale his company; he fully intends to bring on more. But what does he think about the LVMH comparison — which has been made by the *New York Times* not once, but twice? "I always joke that the incumbent of the future can't be built on the tenants of the incumbents of the past," he said. "I respect LVMH for being the world leader in high quality products but I have no doubt that the new "group" won't be built on that kind of approach and I think the approach that it will be built on is much more similar to a Y Combinator."