

# What Shoes Say

An interview with Angel Martinez, chairman & CEO, Deckers Outdoor



**In 2005, when Angel Martinez was approached to become president and CEO of Deckers Outdoor Corp., the footwear and lifestyle firm, he wasn't looking for a job.** Martinez spent more than 20 years in the footwear business and was known as one of the industry's most innovative executives and marketers. In 2005, he was co-chairman and CEO of Keen LLC, a Portland, Ore.,

company that sells footwear and accessories for outdoors enthusiasts as well as industrial and service workers.

Martinez, who became chairman of Deckers in 2008, is something of a footwear legend. In addition to leading Keen, Martinez has been executive vice president and chief marketing officer of Reebok International and CEO of the Rockport Co. In the early '80s, he devel-

oped the original aerobic shoe for Reebok, which created a new footwear category. Martinez saw that shoe as part of a movement — empowering women through physical fitness.

At Rockport, Martinez added style to the founders' vision of combining a dress shoe upper with a running shoe bottom, to create another new category — comfortable dress shoes. Rockport not only

grew, its demographics changed. Within four years of Martinez's arrival, the average age of a Rockport customer dropped from 56 to 35.

At Deckers, which is based in Goleta, Calif., he enhanced the company's creative environment and its diversity, and developed its brands.

Deckers's largest brand, Ugg Australia, is a global phenomenon, a nearly universal symbol of com-



Shoes: Rick Levinson. Photograph of Angel Martinez: Gary Moss





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fort and style. Ugg's popularity extends far beyond Australia, where the concept was born, to North America, Europe, Asia and everywhere else. The appeal of Ugg, along with its new, branded Ugg Australia stores, has propelled Deckers's growth. When Martinez arrived, Deckers had about \$200 million in revenue. In 2011, it racked up \$1.4 billion in sales. In the highly fragmented global footwear sector, that makes Deckers a singularity.

Martinez, who was born in Cuba and grew up in New York City, has worked his magic by being a keen observer of human behavior, following his passions, and by coupling those passions with the discipline he developed as a runner. But there is more to Martinez and his approach to business. Paul Fireman, former chairman of Reebok and one of Martinez's former bosses, said Martinez is a teacher

at heart. His method is patient, his standards are exacting and high, and he revels in seeing other people succeed.

Martinez spoke with Peri Hansen, senior client partner at Korn/Ferry International, and Joel Kurtzman, editor-in-chief of *Briefings on Talent & Leadership*, at Deckers headquarters. What follows are excerpts from that conversation.

**Q:** Everyone says it's the age of Internet retailing, and yet you're building very distinctive Ugg Australia stores around the world. How does that work with selling products online?

**A:** One's about a transaction, the other's about an experience. The stores are intended to be the experience of Ugg. It's about what happens when you walk in the store. It's about how you are treated. The stores are a reflection of our culture as a company. In our company,

we value our people as No. 1. Everything we do is about that. So, what we want is for a consumer to walk into any Ugg Australia store and have a unique and positive experience. In a store, there's an interlocutor, a person, who brings the product out, who tells you about it, and you develop a relationship. That's all part of it. That's what our stores are for, to create a unique experience. In my view, the retail experience will be hugely important going forward.

**Q:** You've worked in shoe stores?  
**A:** I've owned them.

**Q:** What did you learn from that experience?

**A:** I learned how to sell, which is pretty essential. You have to understand psychology to sell. If you don't understand how to sell, a customer can come in and try on shoes for an hour and you won't

sell them anything. That can be pretty frustrating. So you have to understand what matters to consumers. From selling, I went on to learn how to create products. Selling was a building block.

**Q:** What products did you create?

**A:** The aerobic shoe, when I worked at Reebok. I was living in California, where I started my career. In 1981, my wife started doing aerobics and I went with her to classes, and I saw all these women in bare feet doing aerobics on wooden floors, on concrete floors, in basements, in church halls. Sometimes they wore big, bulky running shoes with leotards and leg warmers. I realized they needed to have an aerobic shoe, and I thought about what I wanted it to look like.

**Q:** That was quite pioneering.

**A:** Think back to that period. Women who were doing aerobics





were altering their lives, my wife included. Back in '81, when the aerobic movement was just starting, it wasn't considered feminine for women to sweat in public. When I was in high school, for example, girls didn't have physical education like the boys did. For athletics, the girls wore white blouses and navy skirts. Back then women weren't supposed to have muscles. It was not considered O.K. It was considered masculine. And, when we started selling our shoe, and we had pictures of women who were sweating in public and had muscles, it was considered a little strange. But what I learned was that through aerobics, women were discovering the power they got from physical activity and that was changing their lives. We were part of that.

**Q:** You were also creating a fashion statement that became part of

a woman's identity, weren't you?

**A:** Yes. My thing is footwear and I came upon the idea — I don't know how — that a person's footwear is somehow iconic of who they are. I was a serious runner. Back then, footwear became my statement that I was a runner. Not a tennis player, not a basketball player, but a runner. When running shoes became a defined category in the late '60s, my shoes defined me not just to myself but to other runners. The only people wearing running shoes at the time were runners.

But that's not all. Back then, running shoes were hard to find. This was pre-Nike. So, I had to go to a distributor in Berkeley, California, where I lived. I went down into the guy's basement, and he had these shoes and he was a runner and you bought shoes from him. And because the only people wearing these shoes were other runners,

if you saw someone on the street wearing those shoes you immediately knew who they were and you started a conversation.

Later, when I developed the aerobic shoe, it was the same thing. At the beginning, the only people who wore aerobic shoes were aerobics enthusiasts and instructors. In my view, shoes are an icon. They convey a person's attitude and point of view. You can tell a lot about people from their shoe choices.

**Q:** What can you tell?

**A:** You can tell if someone's frivolous or whether they're practical. You can tell if they have expensive taste. You can tell whether they value comfort over style. You can tell if they're detail-oriented. You can tell how much time they spend on their feet. You can even tell what they do for a living, generally speaking. You can tell if they're

creatures of habit. Most men, for example, buy the same footwear over and over again. There's a lot you can tell about a person if you know something about footwear.

**Q:** Are you saying footwear is a badge of membership?

**A:** Yes. You are signifying you are a member of the basketball universe, or of the tennis universe, or that you are an outdoors person, as in Deckers Outdoor. There is a club of women who wear shoes by the designer Manolo Blahnik. There's a mindset and an attitude that's common and consistent within that group. Ugg is that way too. There is a cohort of people who really love Ugg for everything it does for them.

**Q:** Did Ugg, as a brand, emerge just like it is today, or did it evolve?

**A:** It evolved. Ugg would have stalled and withered away. Luckily



# My philosophy is, “What got me here won’t get me there.”

I came in at the right time, and I realized we had to evolve it. The core values that make the Ugg brand are universal. Those haven’t changed. Everyone loves a little luxury. Everyone loves that tactile sense of comfort and coziness. There’s universal appeal to the product, and it crosses every culture. There’s something about sheepskin that does that.

**Q:** It was quite a small brand when you joined the company. But now, anywhere you go in the world, you see Ugg. How do you keep it fresh?  
**A:** You have to dream about it. You have to have a vision for it — for the brand and what it can become. There’s an element of Ugg that’s essential. All great brands come from that. They all start from some great idea and from some great item. Something everybody loves. But, over time, if the vision is clear, the brand evolves into a statement,

even into an iconic representation of a particular point of view.

There have been a lot of trends and fashions in shoes. But there haven’t been a lot that have been sustainable. There is comfort, which is represented at its apex by Ugg. The truth is, most people I know, after they discover comfort, don’t want to go back to discomfort. No one says, “I liked it better when I was uncomfortable.”

**Q:** How do you think about footwear brands?

**A:** There are four key components of a great footwear product and brand. They are logical and consistent and easy to explain, especially to sales organizations. The first is visual. A product has to look a certain way, it has to have a certain style, a certain visual appeal.

The second component is tactile. You pick it up in the store. You try it on. You wear it. If it looks light,

but it’s really heavy, you put it down. You don’t buy it. If it looks soft and it’s actually hard, you put it down. You don’t buy it. If it looks cushioned and supportive, and you pick it up and it’s stiff and firm, you put it down. You don’t buy it. You have to cross the tactile threshold to buy the product.

The third component is intellectual. That’s when you ask yourself the question, “I wonder how much it costs? I wonder how these shoes will work on the trails I hike? I wonder if I can work in these all day?” These are things you ask yourself.

The fourth component is the domain within which Ugg lives, the domain in which the original Reebok aerobic shoe lived. That’s the emotional domain. That’s when you say, “I love these. I love the way they make me feel. I love the way they make me look.” Footwear does all that. Nothing else does all

those things in the same way.

**Q:** How do you convey that sense of brand throughout the company?

**A:** It’s easy to convey a thought that’s true. If you make it up, people won’t buy it. Most things are pretty basic. We all react to the same inputs. So you have to understand what people respond to.

That’s also true for companies. Every company has a set of core values that are true for that company. As long as you don’t deviate from those core values, you will attract people of like mind, which is critical to support and develop a brand.

**Q:** Can you teach or train people to fit into the culture of your company?

**A:** There’s a certain amount of resonance that has to be there. You’re not going to change a leopard’s spots — and I’m not going to try.





I'm too busy. I tell our people not to waste time with that. You can tell when you're interviewing someone whether they are of a right mind. We created what we call the Deckers way. And it's pretty easy. If I ask you, "What does the word 'collaborate' mean?" — and, if your answer is, "I collaborate really well when everyone agrees with me," then that person is probably not suited for us.

**Q:** Do you have the right talent working at Deckers Outdoor?

**A:** Yes. You know, a lot of young people gave up hope of finding a place to work like Deckers Outdoor. When they got here they really liked it and they decided to stay. We don't have to motivate those people. They motivate themselves. They appreciate being here. It's all about what the company is, what it stands for, and the kinds of products we make.

**Q:** What are your challenges with regard to talent?

**A:** The biggest challenge is that as we grow the level of complexity increases. When I joined in 2005, we were doing about \$200 million in revenue. Now we're at about \$1.4 billion. Because of that growth, every job morphs into something unrecognizable very quickly. Every six months, each job is new and we have to commit to the training and development to keep people successful. That's why we pay so much attention to reviews.

**Q:** What sort of reviews do you do?

**A:** We use every method — 360s, anything we can do to make the review meaningful. First, it's a conversation, we don't just fill in the blanks. We try to spend time, energy and care getting to the root of someone's expectations for themselves and also our expectations of them. We decide and dis-

cover whether they are in the right role and whether they would like to be in a different role. That's a process. It doesn't stop. It's not once a year. In fact, it never stops. These reviews include me, too. I go through the same process.

**Q:** Ongoing, honest reviews require high levels of trust. Doesn't that make people feel vulnerable?

**A:** Yes. Of course. But trust is one of our core values. I'm not immune to having these very same conversations. Am I keeping up? And, because of our growth, I also have to reinvent my job every six months, too. It's part of the game we're all in. My philosophy is, "What got me here won't get me there."

**Q:** What do you mean by that?

**A:** I grew up in the Bronx. And, if I didn't believe that philosophy, I would still be living there. I wouldn't be doing what I am doing.

I also wouldn't have become a very good runner. The lessons of running are important to me. Self-discipline and consistency. If you have an objective — to make it onto the Olympic team — everything you did to get to where you are, won't get you to where you want to go. That's because where you are is the foundation for where you are going. Nothing happens vertically. Everything happens in plateaus. It's how we learn. We need time to absorb, to be comfortable, to not be overwhelmed. My big problem with corporate America is that the plateau has been cut out. If you're on a plateau, corporate America calls it coasting. But that's just not true. When you're on a plateau you're just getting ready for the next challenge. You're wrapping your head around what it's going to take, how you're going to do it. You're trying to balance things. There's nothing in business that's





all straight up. At the end of 35 years, it may look like it's been straight up for me, but it hasn't been. The plateaus are just as important as the verticals. We need to pay attention to that.

**Q:** How do you make sure the company's goals and values are followed?

**A:** It takes consistency. I wouldn't trust that there was something called gravity if every once in a while someone stepped off a building and floated up into space. It's consistency that makes me trust it. If you have a stated set of values and you don't apply them consistently, then people won't trust they're real. You also have to live your values. If you have someone at a senior level and they're not living the values, then they have to leave, or there has to be a correction made. And we've had some of that here, unfortunately. And

when that's the case, I haven't hesitated in making changes. It's what you have to do. It's what people expect. Our expectations have to be high for everyone. Level doesn't matter. We have very high expectation about how to behave and perform, and it applies to everyone and there aren't exceptions. People learn through consistency.

**Q:** What about work-life balance?

**A:** I don't feel it's right to sell your life to the company and work 14-hour days and sacrifice your family. That's a myth that's being spun. Kids are being told they have to sacrifice everything to have a career. That's just wrong. Work smarter, be more innovative, be more creative. Yes. We need to do that because everything we do here can be done somewhere else. But I don't believe in 14-hour days. And that's not the case here. I don't want that kind of employee.

And it's not the best employee. Work-life balance is part of our reviews. The best employee is someone who's happy and balanced and puts their family — their home family — first. Then there's this family, the work family. I think it's easier to take care of your work family when you've taken care of your home family. We really do try to create an environment where we treat everybody the way we treat our own families, as best as we can. Sometimes there's a falling out. That's true of all families. But you manage it the best you can, and you emerge with dignity.

**Q:** You were born in Cuba and immigrated to the United States. How did that influence you?

**A:** My earliest memories are not of Cuba but of the Bronx. I was raised by my guardians — my grandmother's sister and her husband. I recall never being told what I

couldn't be. That was never a conversation in my house. We were in America, and the reason we were in America was that you could be anything you wanted to be. So there were never any limitations put on me. The one core component was education. My guardians were very insistent about me studying. But they really never had to tell me to study because I did it naturally. My guardians impressed on me that everything was possible through education. That point of view was quite a gift.

**Q:** Did you ever feel like an outsider?

**A:** No. I never felt alienated the way an outsider might feel. But I was an observer of a strange set of behaviors, and I do recall some of the discrepancies in terms of people's living conditions. I had friends who lived on the Grand Concourse in the Bronx. They lived





## With our brand, you'll wear out our footwear, then you'll get another pair. That's what we're about.

in pretty nice apartments compared to where I lived, and I noticed it. But it didn't make a difference to me. It was just a reality. I remember telling my guardian that I wanted to someday live in one of those apartments, and they said, "That's fine. You can do that." So there was always a sense of possibility. Nothing was ever impossible.

**Q:** In your industry, fashions change quickly. Did your background help you develop your powers of observation?

**A:** I don't want to go overboard on that. My guardian's husband was retired. He had been in a serious motorcycle accident and broke 104 bones in his body. He could walk, but he had some pretty serious physical limitations. At one point, he thought it would be a good idea to rent a candy stall in the subway and sell candy to people as they got on the trains. I would go help

him on weekends. In the winter, with the wind blowing through the stall, it was something — very cold. This being New York City, my job was to keep people from stealing stuff before they got on the train. A train's doors would be open, and some people would grab armfuls of whatever they could take, and jump on the train. My job was to stand there and make people feel guilty so they wouldn't steal. But what's interesting is that I learned how to read people. I got to the point where I could tell who was going to steal in advance. I could even tell what they were going to steal before they did it! New York is beautiful for learning how to observe people, especially in my neighborhood. I guess I developed some observation skills working in the candy store.

**Q:** Where did you get your sense of fashion and style?

**A:** No. It's not that I have a sense of style. It's just that I wear what I want to wear, and it turns into a sense of style. I never think about it. It's very authentic for me. When I was running Rockport, we acquired the Ralph Lauren footwear company. It was a tiny little company, and I got to spend time with Ralph Lauren. Ralph's brother once told me that when Ralph was a kid, he was always a natty dresser. He grew up not far from where I grew up in the Bronx. As a kid he always had to have his shirts ironed. All the other kids were running around in T-shirts and dungarees, and Ralph had creases in his pants and a nicely pressed shirt because he insisted on it. It had to be that way. He had this movie in his head. He's famous for it.

**Q:** What do you mean by having a movie in his head?

**A:** You go into the Ralph Lauren

building and people talk about Ralph's movie. You're either in his movie or you're not. There are certain cars in his movie, certain people in his movie, certain clothing in his movie. That movie is called the Ralph Lauren brand.

It's not for everyone. I don't fit in that movie, for example. You'd never see me in a Ralph Lauren ad. But I'm in my movie and consumers identify with certain things in that movie, and it helps them define who they are. It helps them with their aspirations. We're an egalitarian brand. That's our movie. With us, you can have luxury and it won't cost you \$1,000, and you won't wear it twice and throw it out. With our brand, you'll wear out our footwear, then you'll get another pair. That's what our movie is about. That's what our experience is about. It's about comfort and affordable luxury. That's our movie. 

