

A close-up portrait of actor Michael Fassbender, looking directly at the camera with a serious expression. He has short, light brown hair and green eyes. He is wearing a light-colored, possibly pink or white, button-down shirt under a dark brown or black suit jacket. The background is a soft, out-of-focus urban setting with warm, golden light, suggesting a sunset or sunrise.

WSJ.
Magazine

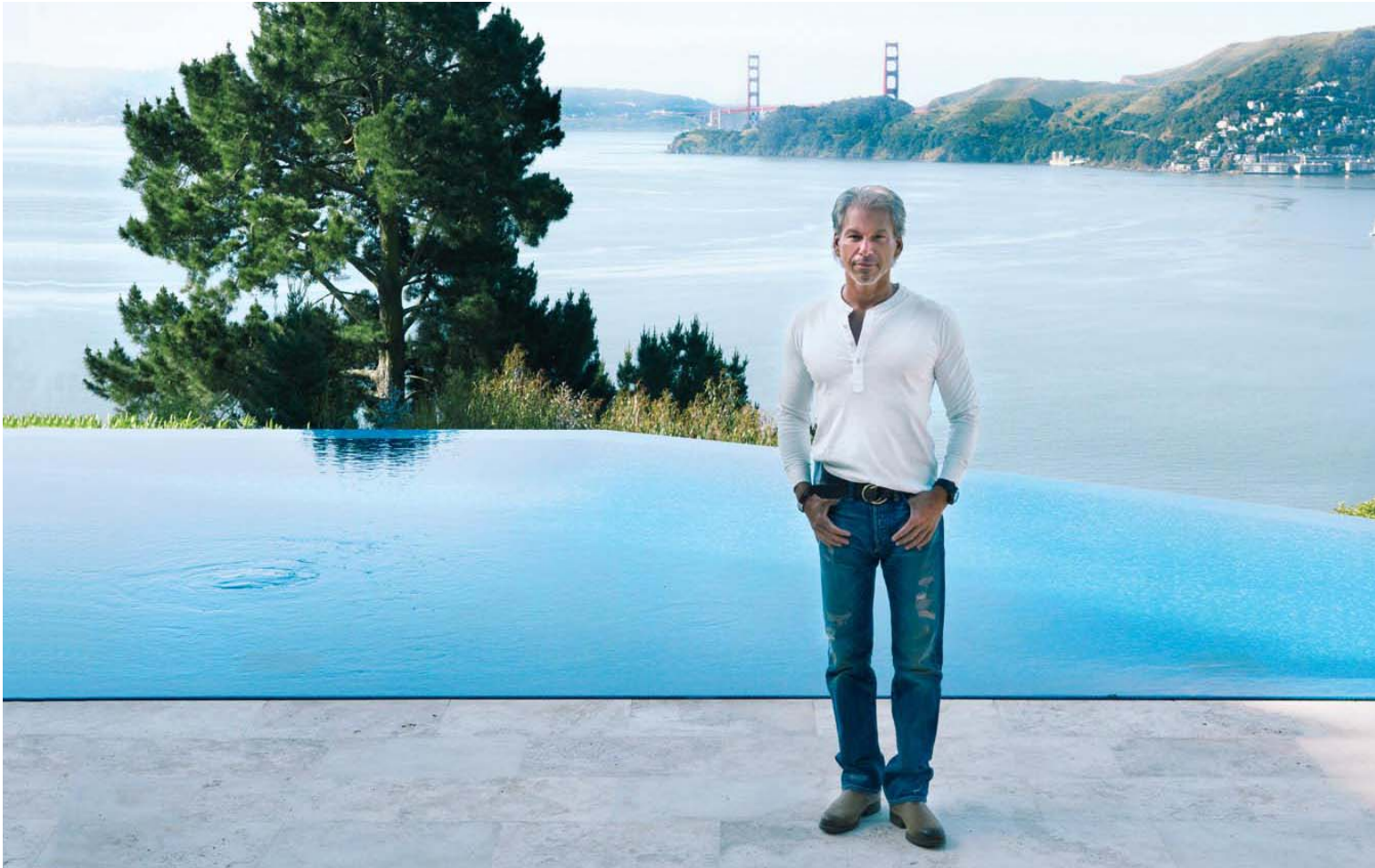
THE X FACTOR
The elusive cool of **MICHAEL FASSBENDER**

THE MAN WHO PLAYED
ROCKEFELLER

DASHA ZHUKOVA'S
NEXT BIG ART GAMBLE

THE NEW PARIS
UNDERGROUND

THE WALL STREET JOURNAL MAGAZINE
JUNE 2011



MASTER PLAN Restoration Hardware co-CEO Gary Friedman on the terrace of his home overlooking the San Francisco Bay.

THE SHIFT

RESTORATION REWIRED

Accessible tasteful design is a tricky business, and few believed that kitschy Restoration Hardware would crack the code. But with rising profits and an artisanal rebranding on his side, co-CEO Gary Friedman is restoring the faith

BY TOM VANDERBILT

THIS TIME LAST YEAR, THE SPRAWLING Italian palazzo at 188 Henry Adams Street, across from the to-the-trade Design Center in San Francisco's SOMA district, was the eclectic Old World fantasia of storied antique dealer Ed Hardy, where wall fountains burbled, fragrant blooms spilled from stately terra-cotta pots, and connoisseurs drifted among \$20,000 giltwood and Sicilian jasper consoles.

A year later, on a bright March morning, the atmosphere is much the same: An 18th-century French Régence six-armed chandelier hangs from a 14-foot ceiling and shoppers pause to consider unusual objects—like the large, swing-arm ironwork lamp (which once illuminated a Parisian architectural office) that protrudes from a wall.

Nothing has changed—and yet everything has. Hardy's inventory was packed off to the auction house Bonhams, and in its place now sit the reworked collections of Restoration Hardware.

If that name conjures a quirky Silver Sage-toned mall outpost filled with sturdy, inoffensive furniture and retro trinkets you were

sure your father-in-law would just love, you are not alone. Every so often, says company chairman and co-CEO Gary Friedman, he will be on a plane, and when that moment arrives when seatmates trade employment details, so too comes an almost inevitable response, "Oh yeah, you sell those gadgets—I bought a 'Bite the Man' dog toy from you!"

Even with this antique cathedral, Friedman is trying to throw off the dead hand of the past. "We changed everything," he says, and as we stroll through the company's newest store—actually, a design gallery, in the sense that some antiques aren't yet for sale—the company's shift slowly reveals itself. That interesting mirror on the wall? Friedman and his team found a pair of brackets leaning against a wall in Antwerp, originally ceiling supports for

an old theater in Paris. On the flight home, Friedman began sketching. What if you inverted the brackets, put them together, and added a mirror? "Wouldn't that be spectacular?" Friedman says. "A mirror like you've never seen." The mirror—"19th C Parisian architectural bracket mirror"—will appear in the company's fall collection.



The new store in San Francisco



"In 2008, it wasn't clear whether we were going to make it," says Friedman, tanned and wearing a vintage leather motorcycle jacket, an Alexander Yamaguchi henley and artfully distressed jeans, energetic despite a metaphysical tinge of road dust about him. In fact, he's just off the plane from a weeklong buying jaunt through India, Hong Kong, Beijing, Singapore and Thailand. The recession, which proved unkind to the home-furnishings segment in general (latest victim: Williams-Sonoma Home, or at least its freestanding stores), was particularly challenging for a company with a turbulent history and a muddled identity.

Rather than hedging, he says, the company doubled down. "We said, 'Let's forget about the customer for a minute,'" Friedman says. "I don't mean that in an arrogant way. We believe that great brands don't chase customers, customers chase great brands." While everybody was "screaming value," Restoration went the other direction. "In bad economic times," argues Friedman, "quality becomes even more important, uniqueness becomes even more important—people need to be inspired to buy something."

As we tour the store, Friedman rattles off the changes: "We went around the world seven times in 12 months and remerchandised 80 percent of the furniture. We went from five paint colors to 32. Textiles was 3 percent of our business when I arrived, now it's much larger. I think we're now the largest importer of Italian bedding in the U.S." The company shuttered Brocade, its more accessibly priced line, and last year, hired Carlos Alberini, formerly of Guess, as a more numbers-oriented co-CEO, with an eye toward global expansion.

The most visible signal of intent, apart from the store-design revamp, is the "source book," as the company calls its catalog. "It's 384 pages," he says. "Find another home book that big." There are no products on the cover; rather, an inviting photograph of the gallery in the gloaming, lights aglow, everything symmetrical. Inside, there's a portrait of Friedman, and a kind of

STUDY IN SYMMETRY
Restoration's second incarnation—a retail design cathedral filled with European-influenced pieces—is geared toward hooking the High Design crowd.



'Restoration Hardware is dead. It's become a Gary Friedman interpretation of furnishings'

editor's letter. The "book" is short on product descriptions and long on large, immersive photographs (squint and it just might be a coffee-table interior-design book). "We've aggregated a lot of the furniture fashions to help interior designers or customers cast themselves in these lifestyles," he says. And it's a lifestyle decorators appear to be embracing. "It's the best formation of product I've ever seen anyone do that fast in the history of the business," says Evan Cole, the co-founder of ABC Carpet and Home, who now runs Los Angeles-based HD Buttercup, a high-end furniture marketplace that competes with Restoration. "If you had asked me five years ago if he could pull it off, I wouldn't have been so positive."

With the shoeshine kits and "Aqua Trolls" (a lawn ornament that Friedman, upon joining the company in 2001, first took for Santa Claus; "now I'm half-Jewish, but I know Santa Claus") a distant memory, he now

envisions Restoration as a kind of "open platform," an app store for home decor, where the likes of London furniture maker and antiques dealer Timothy Oulton and the Midwestern/Dutch pair of Mark Sage and Rudi Nijssen can craft new pieces out of old things, artisanal objects pitched somewhere between mall sameness and Design Center uniqueness. When I ask him what's left from the "old" Restoration Hardware, he stops to think. "There's a leather chair," he says, pausing as if searching for the right word, "that's evolved."

And then there was a moment of serendipity—the day Friedman drove down Henry Adams Street and noticed the "for sale" sign. He had been in the store once, but, ironically, found little to his taste—apart from the building. But in this accident was born a vision: "What if Resto"—what employees typically call the company—"went into the heart of the design center in San Francisco and earned everyone's respect? Wouldn't that change everyone's perception of the brand?" And so Ed Hardy's palazzo is becoming the master DNA for a series of high-concept design stores from Houston to Beverly Hills (where the company is taking over a former Williams-Sonoma Home store).

We pause in front of a small table, actually a former column capital from an old theater, which Friedman found at Ma(i)sonry, the upscale Napa winery and gallery. "We thought, 'What if we finished it differently, would it sell?' If we loved it, there might be other people who loved it," Friedman says.

"Every object tells a story," Henry Ford once said, a sentiment not out of place here. But behind all these stories about objects, there is a more interesting story, about a man.

Gary Friedman was not born to a world of 800-gram-weight Turkish towels and hand-knotted Persian rugs. When Friedman was 5, his father died. After a cross-country bus trip and a brief stint in New York City, he and his mother returned to San Francisco for several years before moving to a one-bedroom apartment in the small town of Sonoma—"before it was chi-chi," he says. "We didn't have any money," he tells me, over lunch, his black Aston Martin parked out front. "I don't think my mom ever owned a piece of new furniture."

By the time he reached community college, his prospects hardly glimmered: He carried a D average and was asked pointedly by the college's counselor if he really wanted to be there. He supported himself part-time by working as a stock boy at the Gap, then helmed by Mickey Drexler. "It seemed I was naturally good at arranging things; lining up the fixtures, hanging things on the shelves," he says.

In a Capraesque turn, Friedman—at this point, the youngest store manager in the history of the Gap—recalls raising his hand at a crowded company meeting, in response to a question by Drexler. "What's your name?" Drexler barked. "I'm Gary, from the Market Street store," he says, feigning a high, squeaky voice. The next day, Drexler called him at work. Friedman soon found himself at a conference table, ringed by executives. From there he continued the succession of firsts: youngest district manager; youngest regional manager. He later went to work for another retailing legend, Howard Lester at Williams-Sonoma. "I was 35 and head of merchandising

marketing,” he says. “Everyone thought Howard was nuts. I’d never even been to Europe.” He says he brought that same prowess for presentation that had served him at the Gap. “I basically doubled the business by taking the same product and presenting it differently.” In his eight years in that role, sales at Williams-Sonoma (including Pottery Barn) went from \$300 million to \$2.1 billion.

Presentation is one of Friedman’s bedrock retailing principles: not simply making something desirable, but illustrating to the customer how something might fit into his life. Another ethos is what he calls “fresh yet familiar,” or what might be called The Zippered Polo Problem. “At the Gap, someone would try to do polo shirts with a zipper. I’d say, ‘That’s just wrong.’ And they never sold. You can take a polo and distress it, do it in new colors, but it’s still a polo. If you destroy its integrity, it’s not better, just different.”

Despite his success at Williams-Sonoma, he was passed over for CEO (he says the board wanted someone with more top-flight operational experience) and left in 2001, rather disappointed, to join Restoration Hardware, a company perched at the edge of bankruptcy—a company that, as one financial observer noted, “couldn’t turn a profit in the fat years of 1999 and 2000.” News of Friedman’s hiring combined with higher-than-forecast fourth-quarter profits drove the stock up 83 percent. A few years later, he made a deal with private-equity firm Catterton Partners to take Restoration private.

Having spent the first part of his tenure simply trying to right the ship, and then having stared into the abyss, he now says Restoration is “completely personal—the kind of aesthetic that I believe in, the way to live that I believe in.” With crisis, he says, came opportunity. “Let’s make this really personal and do what we love. And if we go down, we go down in style.” Jerry Epperson, a veteran industry analyst with Mann, Armistead & Epperson, notes that in over 40 years of following the business, in difficult economic times, “manufacturers and retailers become very conservative in their choices of styling, staying with proven styles they know will sell. Over the course of a long recession, stores begin to look alike,” Epperson says. “Restoration Hardware does not look like other stores.”

This strategy is not without its risks. A reproduction table made from a vintage Indian market cart may be fresh, but is it familiar enough for customers used to the inoffensive comforts the brand once peddled? A troll through the design blogosphere hints at an almost love it/hate it polarity toward Restoration—an inevitability, perhaps, of pushing a distinct look. Many note, for example, the influence, subtle or otherwise, of Axel Vervoordt, the acclaimed Belgian designer, who from his castle near Antwerp, and in revered books like “Timeless Interiors,” has popularized a mise-en-scene look of surprising (but tasteful) assemblages of art and antiques amidst light woods and neutral linens. When I ask about the resemblance, Friedman says, “Do I like Axel? Absolutely. Have I been to his compound? Yes. But I don’t think there’s one single product from his line that we bought, or were inspired by. I don’t like everything he does.”

Influence aside—and one might argue that the Vervoordt look, if it can be so described, has already been widely disseminated at more comfortable price points by the Belgian chain Flamant—it’s an open

A LITTLE LESS GNOME, A LITTLE MORE CHROME:
THE SECOND COMING OF RESTORATION



‘Let’s make this really personal and do what we love. And if we go down, we go down in style’

question whether what works in a Belgian chateau easily translates, in anything but raw size (another common critique of Restoration’s products), to an Orange County McMansion. For some, Restoration seems too male (indeed, the store attracts a higher percentage of male shoppers than other furnishings stores); others see in chairs upholstered in airplane metal and rivets, or lamps made from Royal Marine Tripods, a sort of “steampunk” aesthetic. These are not neutral positions, and it’s definitely his head he’s laying on the line, as witnessed by his photograph and letter in the catalog.

So far, it seems to be working. As a privately held company—there have been rumors of an IPO—performance figures are not available, but Friedman says the company is “profitable.” Epperson believes “it’s doing somewhat

better, possibly because it’s comparing to worse numbers over the last two years than some others.”

Many in the trade see what Friedman is doing as bold and refreshing. High-end designer Timothy Corrigan thinks “the architecturally inspired lines have a timeless quality,” but cautions that the company “shouldn’t go too deep into distressed wood and rusted metal because it’s a very specific look that can be limiting in the future.” (Indeed, the trade magazine HFN noted, after the 2009 High Point Market, that Restoration had become the current “poster child” of the home-furnishings business, with plenty of imitators.)

Whether one likes or dislikes the look at Restoration, a visit to Friedman’s home, a Howard Backen-designed hillside retreat in Belvedere, centered with great effort on a view of the Golden Gate Bridge, reveals just how closely connected the brand is to Friedman. (“Restoration Hardware is dead,” Evan Cole says. “It’s become a Gary Friedman interpretation of home furnishings.”)

Indeed, his home feels like an extension of the new San Francisco store: The colors are muted, Belgian linen nestling against Turkish travertine (“I’m more about proportion and scale than about decorating”); rigorous architectural symmetry (“people joke I’m so in symmetry I had twins,” he says, referring to his daughters) is abundantly on display, down to the smallest detail, like stacked cream-colored art books (only one, by the design firm Pentagram, disrupts the achromatic Zen; “I told Kit [Hinrichs, the firm’s founder], ‘You get the one red book’”); and then there’s Friedman, his look suggesting off-the-rack insouciance but one that is meticulously considered—at lunch, he had casually observed about his Yamaguchi henley: “He did the placket a little long, it’s slightly distressed, there’s four buttons, the fit’s a little different.”

And, wait, didn’t I just see that French globe in the store? “The original globe was broken during the reproduction process,” Friedman explains. “I’m the only one who knows my globe’s not the original.” That fuzzy line between authenticity and the reproduction can rankle purists, who see in the democratization of taste a profusion of tasteful items “devalued,” as Paul Goldberger once wrote, in a piece about Friedman when he was at Pottery Barn, “by their very accessibility.” But Friedman says he’s just trying to bring the things he enjoys to more people. “My house is filled with Libeco-Lagae linens,” he says. “They cost \$85 a yard.” With Restoration, however, he flew to Belgium to meet with Libeco CEO Raymond Libeert. “We were able to buy linen for \$14 a yard, bring a value to an American customer they hadn’t seen,” he says. “We’re now their biggest customer in the world.” As Cole describes it, “He’s breaking open the mysteries of the business.” Who could object to that—save the person who paid \$85 a yard?

“We found the one that was in Antwerp,” Friedman says, conjuring a hypothetical antique. “One other person in the world might get to enjoy that. But is it better for the world if we make 50 or 500 of them, so there’s that many more people who get to enjoy it?” He recalls a conversation with the English antiques dealer Rebecca Hill, who has joined Restoration. “She said, ‘The narrowness of that transfer of happiness always bothered me,’” he says. “There’s an ability to transfer that happiness to many more people.” ♦

COURTESY OF RESTORATION HARDWARE (2)