

LINDA WACHNER TAKES THE REINS AT WARNACO

When Linda Wachner took over as CEO of Warnaco, a manufacturer of women's lingerie, it was experiencing financial difficulty. Wachner's goal was to take the company public and ensure its profitability in a hostile, competitive market, and fairly stagnant economy. She knew that radical changes were needed to restore the company to competitiveness. Wachner took the company public, the stock rose 75 percent above its initial offering, the debt was cut by 40 percent, sales increased by 30 percent, earnings before taxes increased by 140 percent, and operating cash flow almost doubled. Wachner pursued an unrelenting focus on the company's performance, which was closely tied to her personal financial situation because she owned 10 percent of the stock.

As the only female CEO of a *Fortune* 500 company at the time, her leadership was subject to careful scrutiny. Wachner combined energy, drive, and enthusiasm with hard-core fiscal management. She maintained a focus on the customer and had high demands for her employees. Her employees viewed her as a tough boss, and they often felt that she expected too much. Although her "do it now" philosophy focused on responding to customer preferences in the short and long run, she also managed to reap considerable savings from cost cutting. For example, she reduced the corporate staff from 200 to 7. Some said that Wachner did not do a good job of managing people because of her single-minded focus on company profitability. She was unrelenting in getting to the point and requiring her colleagues to do the same.

"Have I yelled at meetings? No question. Do I think I've ever hurt anybody? I hope not. Look, I just want people to be good and I put enormous pressure on everyone to get this company moving in the right direction," she said. "I know I push very hard, but I do not push anybody harder than I push myself."

At the same time, she motivated her workers with praise for their work. She visited the stitch room almost daily, picking up and examining the fabric, lace, and trim the stitchers were working on, often commenting, "These are to die for." Maintaining the grueling schedule may have been difficult for employees, but Wachner emphasized creating an environment to which employees bring a high energy level and a focus on a common goal. Her determination created a hard-as-nails image, but it's a style that got the job done.