

How Faribault Woolen Mill revived a 150-year-old brand

By Adam Platt | 02/06/2015

The back-to-the-future reinvention of 150-year-old Faribault Woolen Mill — from a manufacturer of inexpensive commodity blankets, many containing more acrylic than wool, to a beloved American heritage brand — may have happened nearly overnight, but it did not happen without considerable strategic intuition.

Faribault's rebirth has been well chronicled; less explored is its transformation from a dated, invisible brand to a buzzy manufacturer and marketer of goods that sell for premium prices at the nation's trendiest retailers — goods based on, or very similar to, the ancient, unbuzzy products the company had produced for 150 years.

A scant half a decade from its nadir, Faribault is a blanket “you display with the label out,” notes Beth Perro-Jarvis of Minneapolis-based retail consultancy Ginger Consulting. Today the mill employs 80 people and in peak season ships thousands of products per week to consumers and retailers such as West Elm and Crate & Barrel's CB2. Rarely are brand resurrections so quick and decisive, which makes Faribault's story a compelling example of the power of authenticity in retail.

Cheap blanket challenges

Faribault Woolen Mill is arguably the last integrated woolen mill in the United States, say its owners. It is, with Cargill, also the oldest manufacturing business in the state, they say, once employing as many as 200. But five years ago it was dead.



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Owned from its founding in 1865 to the 1990s by the Klemer and Johnson families, it had long been a business known for blankets, which constituted up to 90 percent of its output. It produced durable wool items for the U.S. military, and decades-old pieces still warm beds all over North America. But as manufacturing moved offshore, driving down prices, and the high-tech synthetics (see fleece) boom took over the market, Faribault declined.

A Twin Cities investment group bought a majority interest in 2001, looking for solutions. A cotton mill was purchased as a hedge, but new strategies brought down the business rather than saving it. By the time of its closure in '09, only 35 people worked inside the mill. Consultants hired by management said the core wool textile business was still viable.

In early 2011, current co-owner and CFO Paul Mooty, who was managing family business interests and “hunting for life’s next great adventure,” received a call from a college buddy seeking advice—his father had a letter of intent to buy the mill’s assets. Mooty brought his cousin, current Jostens CEO and Minnesota management legend Chuck Mooty, to kick the tires. A Pakistani group had bid on the mill’s equipment, so time was of the essence if the mill was to be preserved.

By summer the Mootys had bought the facility and applied to have it placed on the National Register of Historic Places, which gave them access to tax credits that were key to its resurrection.

“The cost of the assets were modest,” Paul Mooty says, “but the rehabilitation was [single-digit] millions.”

After consultations with the mill’s former controller, among others, the Mootys concluded that resurrecting the heritage wool business would deliver sufficient ROI. “The metrics looked very reasonable,” Paul Mooty recalls. “At some point there was a movement on faith, but it’s rare to find a 145-year-old business [with] functioning equipment intact, a resonant brand, etc. Also, we liked the opportunity to get involved in doing something good.”

The mill suffered from years of deferred maintenance among other issues, but the far greater problem was years of deferred product ideation. “Faribault had ceased to be a brand,” says CEO and co-owner Tom Irvine, who joined in late 2013. “It was a factory.”

Production resumed in September 2011 with 30 employees. A JC Penney order kick-started the new business in 2012. “In less than six months we went from not having a single usable restroom,” says Paul Mooty, “to selling goods in 50 states.” Chuck Mooty departed his role as president/CEO that summer to become interim CEO of Fairview Health Systems, where he was board chair.

To revive the physical mill, its new owners would need to resurrect its brand. “The product and how they [previous management] were trying to sell it led to the mill’s demise,” explains chief marketing officer and co-owner Bruce Bildsten, who came on board in late 2013. “They were in the acrylic business. Faribault was the cheap blanket in the closet.”

Looking back to go forward

By 2009, Faribault had given up almost everything brands require to sustain themselves. Though woolens were not necessarily a fashionable niche, the new owners saw something the previous ones did not.

“There was no point in going to all the effort of bringing this back to compete with China and India,” explains Irvine, who came to Faribault after two decades in wholesale plastics and ski apparel. “You do this to bring it back as a brand.”

That strategic course was set early on by the Mootys (including Paul’s nephew John, now marketing/creative director for Faribault), a decision that in hindsight Paul Mooty characterizes as inevitable and rather obvious, but fundamental nonetheless.

Heritage American goods are a desirable consumer space today, and Faribault has the particulars to play in it in spades. Unlike other trendy high-end American brands (see Detroit’s Shinola — a men’s accessories brand designed to look historic, but wholly invented a few years ago), Faribault’s brand story requires no such fictional smoothing.

“I made up stories for a living,” says Bildsten, following a decade-plus in creative at Fallon Worldwide, where he spearheaded the reinvention of Cadillac’s brand, among others. “This is a real story.” The key, says CEO Irvine, “is being choosy about retail channels that understand our story.”

“Bruce is key there because he understands how to leverage that story,” says Ginger Consulting’s Mary Van Note. “He is a genius.”

Job one was coming to understand how the brand could and should diversify beyond blankets. “I was surprised,” says Irvine, “how out-of-people’s-mindspace the wool blanket was.” “The woolen market had really shifted to throws and scarves,” says Bildsten.

The effort gained urgency after the JC Penney business proved fleeting. “It was a hit in revenue,” says Irvine, “but it allowed us to work with brands that fit our target market better [than Penney].”

The core of that process involves looking backward. “Everything here comes out of a 150-year-old archive,” Bildsten explains. “It was going to involve finding out what was great and bringing it back in a form that suited the times.”

A key feature is design. Buyers with the most disposable income are attracted to products that not only function, but look desirable. “We need to be a brand rooted in design,” says Bildsten. “It’s obviously worth a premium.”

So is American-made. “We found Faribault at a time we were looking for quality American-made items,” says Vanessa Holden, senior vice president and creative director for national home

furnishings retailer West Elm. “It was so unique to find a company so vertically integrated in a niche, from raw wool to the finished good.”

“The resurgence in American-made goods has been essential for us,” says Paul Mooty. “People understand the country has paid a price for shipping all those jobs overseas.”

And they are choosing to pay more, unlike for automobiles or wristwatches. “West Elm has Chinese throws 10 feet from ours,” notes Bildsten, but Faribault’s command a substantial premium. Though perhaps not with great justification, says Irvine. “Production costs have gone through the roof in Asia. The delta is not so great between them and us now.”

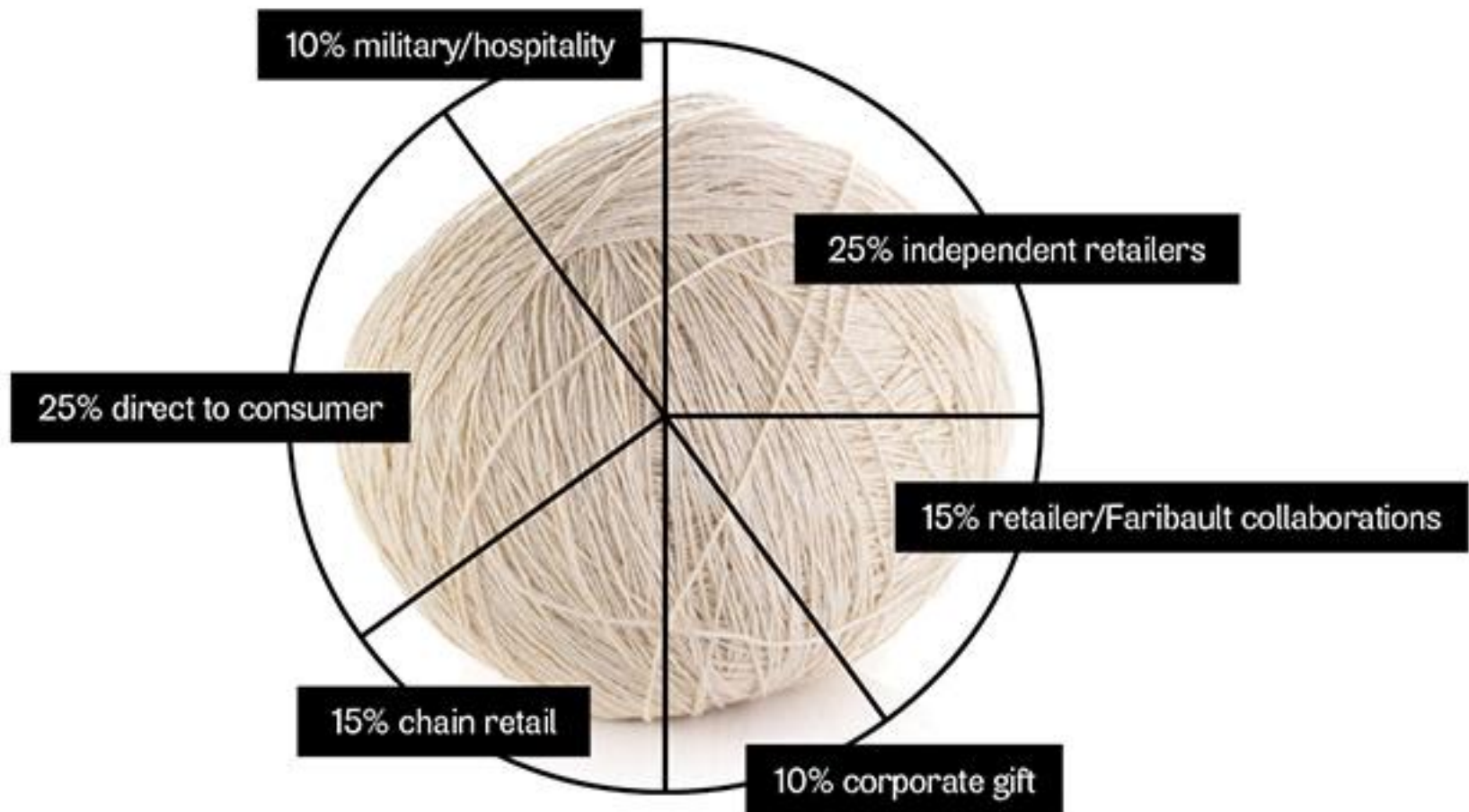
The mill operates traditionally (above), taking raw wool every step of the way to finished product; only the sheep are missing.

A label that sells

In America today people are defined less by their jobs and addresses than by the brands they identify with and flaunt on their person and in their home. “The need for self-identification is bigger than ever,” says Van Note, “and we do it with brands. People believe Faribault makes a statement about who they are.”

That statement is a byproduct of the buzz generated by media coverage that has been key in the revival of the brand, generating a sense of authentic desire that advertising can’t equal. Faribault returned to the market with its traditional three-stripe “revival” blanket, trading directly on its heritage.

FARIBAULT'S BALL OF YARN



Home resellers West Elm, CB2, Nordstrom	Fashion J Crew, Madewell, Club Monaco	Hospitality Starwood Hotels
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“NBC News did a segment on it,” says Mooty, “and we sold \$140,000 in goods overnight.”

But perhaps most beneficial has been the trend-driven fashion market’s interest in Faribault’s story. “*GQ* has been one of our biggest cheerleaders,” says Bildsten. “It made us the cool thing to have.” It helped that the company refocused its production around throws, scarves and accessories. “Because it’s a giftable item,” says consultant Perro-Jarvis, “there’s so many more incremental sales opportunities available to you.”

And buzz begets buzz. “What I’m doing is obvious,” explains Bildsten. “I’m telling the story. I literally have a photography shoot or film crew with me two weeks of every month.” Ultimately the label that no one wanted to display five years ago has become Faribault’s calling card. “That label is advertising,” says Perro-Jarvis—so much so that the company has turned down most early requests to manufacture private-label goods (with one notable high-end exception).

Risks and rewards

The conundrum Faribault faces is how to avoid being drowned in the undertow that follows the wave buzzy new brands ride.

“It was a functional product that is now a fashion statement for your home,” notes Carly Winslow, general manager and buyer for the Ampersand Shops at Edina’s Galleria.

That evolution is aimed at the sweet spot of the current market, says Perro-Jarvis. “People are extending the fashion point of view into the home. Especially the affluent, who are basically challenging manufacturers and retailers to ‘make me want something.’ ”

Remember Hush Puppies? Did you know they make handbags and women’s fashion footwear? In three years, Faribault does not want America to have forgotten about its scarves, pillows and iPad cases. “Definitely Faribault is having its moment,” says consultant Van Note. “Hush Puppies [recently] had one too.”

The challenge for the company is to figure out how to control the trajectory of the wave it’s riding and prepare for it to break. “One of the fastest ways to become a flash in the pan is to overexpose,” says Irvine. “We need to bring the mill up slowly and deliberately. We don’t want to oversell our capability.”

That’s why playing in the fashion space can deliver powerful benefits and powerful problems. “We realize that being part of some trend can be a fickle mistress,” Bildsten says. “We want to establish ourselves in our core market primarily.”

Consultant Van Note suggests tactics like limiting production and distribution of the product line, using fashion goods as catnip to boost the esteem of the core brand.

Irvine references another iconic Minnesota heritage brand, Red Wing Shoes. “They are very smart and don’t overleverage the fashion side of their business.”

A key decision for the company will be how and when to reenter the private-label space. Its current single client, a demanding traditional global fashion brand that does not want to be named, “makes us better in every way,” says Irvine, “which is why we are currently doing private label.”

Eventually, as the mill’s capacity and employment grows, private label could possibly become a niche to smooth out peaks and valleys in Faribault’s branded goods sales, but the priority remains the house label. “The plan is to develop this into a world-class textile facility,” says Irvine. “There’s high demand for our production capacity.”

Collaborative efforts like this fall’s modest venture with Target.com on a line of moderately priced (for Faribault) goods with a hybrid Faribault/Target label offer an opportunity to position Faribault as both affordable and fashion-forward, though the online-only nature of the sale diminished the visibility of the goods.

Irvine will not discuss Faribault's revenues, though he indicated sales were doubling annually (a pace he says is unsustainable) and sees revenue at maturity in the double-digit millions, but the mill is not there yet.

"I am curious about their long-term plan," says Ginger Consulting's Perro-Jarvis. "They have to have enough in their line to establish sustained interest in the brand, but it doesn't feel to me like Kate Spade," a lifestyle brand with endless extensions.

Faribault's retail partners like what they are seeing. "They are always willing to talk about new colors and materials," says West Elm's Holden. "They know their archive, but also trend, and are open to what we're seeing two to three years down the line."

As Faribault sees it, "the biggest risk is to put too many eggs in one basket or market segment," says Irvine. "We've got a lot of diversification of retail channels. We don't want to get pigeonholed."

It's a tall order for any brand, but truly an amazing goal for a 150-year-old one.

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