

When friendship and fashion equal success

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Gilt edged: Alexandra Wilkis Wilson (left) and Alexis Maybank

When launching Gilt Groupe, an online shopping site that currently has 3m members, the co-founders did not trouble to write a traditional business plan. Instead Alexis Maybank, 35 and Alexandra Wilkis Wilson, 33, took what they had learnt from Harvard Business School and bypassed the formality.

“You could have taken a good month to write a beautiful 40-page business plan, but you could have lost a critical month in getting your product to market,” says Ms Maybank, who adds that competition was coming quickly. “You don’t really know how an idea is going to take off before putting it in front of customers.”

And they did just that. The two founders used a short presentation to convey their idea to the venture capitalists they had found through the business school network. After initial investment it took only two months to build a site that was ready to test.

Three years later, in spite of intense competition from newer flash sale sites such as HauteLook or Rue La La in the US, Gilt is still expanding quickly. For 2009 the gross revenues were \$170m compared with revenues of \$25m in 2008. It expects revenues this year of \$400m to \$500m as it continues the rapid growth that has made its “private sale” business model one of the few retail success stories of the global decline.

The two women entrepreneurs, who were both in Harvard’s MBA class of 2004, came up with the idea for a US-based online luxury retailer while engaged in a favourite pastime: browsing New York’s sample sales. Each season brands sell deeply discounted merchandise from recent fashion collections to make room for new merchandise. There is plenty of competition involved to get the clothing – landing a deal means being the first one to arrive at the sale or having enough patience to wait in line. “We loved witnessing the excitement it created and wanted to replicate the experience,” says Ms Maybank.

Launched on the eve of the US recession in November 2007, the Gilt site offers limited-time fashion bargains to a restricted list of customer members, and the site’s members can invite new members to use the site through a model pioneered in Europe by France’s Vente-Privée. Additionally, membership requests directly through the site take less than a week to process, according to the group.

Gilt’s business, dominated by its fashion sales, draws “hundreds of thousands of people” checking its site each day, the group says, most at or soon after it

Alums’ experience becomes case study

Even as Gilt’s founders experience immense growth, they remain connected with their alma mater.

Alexandra Wilkis Wilson adds that their unique view as female entrepreneurs has made Harvard Business School interested in staying in touch. Professors “really want a more diverse case load”, she says. “We’ve kept in touch with many professors and received a lot of outreach from different areas of the business school.”

Most recently, they worked

unveils its selected daily sales at noon New York time. Some 50 per cent of sales are completed exactly at noon when most sales start. Its mainly female customers have an average age of 34-35 and are primarily affluent professionals who log on during work.

In the past two years Gilt has expanded beyond women's clothing to discounted vacation destinations, men's apparel and home goods. A customer can now log on to buy anything from a Carolina Herrera dress to A.Testoni men's shoes.

The entrepreneurs say that they still draw on their business school experience to move the company forward. Ms Maybank points out that two years of combining extracurricular activities with a challenging course load at HBS taught her the time management skills needed to run a company.

As an executive "you really can't digest and memorise everything down to the nittiest-grittiest detail. [Business school] teaches you to take large amounts of information and helps you get to a decision quickly," she says. On the other hand, Ms Maybank points out that another traditional marketing class could have helped her cement her knowledge of brand extension as the company expands.

Ms Wilkis Wilson says she was able to glean useful information from the cases, which were targeted at chief executive officers. She adds that the case method, Harvard's core way of teaching, was even more relevant to her as an entrepreneur than her classmates who took middle management positions after leaving business school. During her managing service operations class, she remembers a case about [Tiffany & Co](#), which touched on the luxury market and was especially useful.

But the skills each picked up during their business education were only part of the equation. The two had met in a Portuguese language class during their undergraduate years at Harvard. After their undergraduate degrees Ms Wilkis Wilson held retail positions with both [Louis Vuitton](#) and [Bulgari](#), while Ms Maybank cut her teeth as a founding member of Ebay.

Neither intended to reunite in an entrepreneurial venture after graduating from HBS. "When I was in business school the sense of starting up something – especially online – was a bad word almost, because it was after 2002 and the bubble had burst," Ms Maybank says.

But, three years after business school they changed their minds; the idea was too good to pass up and their friendship gave them both the confidence to make the leap.

Nowadays the founders are looking ahead. The company is working on expanding their Gilt City offerings, which focuses on selling local experiences (like VIP spa treatments or hard-to-get restaurant offerings) into new cities around the world. And Gilt recently launched in Japan.

Ms Maybank points out that even with the many resources available in business school the gut is still more important than the courses.

"You can learn aspects like marketing or how to approach VCs, but in terms of the creative process coming up with an idea pursuing it – I think that's learnt outside the classroom."

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with two Harvard professors on their first formal business school case (case studies are the core of the school's curriculum) about their company's fundraising endeavours. In the case they delve deep into financials and reveal the details of their first two rounds of financing.

When the case was presented to three entrepreneurship classes this December, the founders returned to Harvard to co-teach part of the class and participate in a discussion about their business.

"It's a lot of Q&A and it's very interactive," says Ms Wilkis Wilson about presenting their case. Case discussions "are [also] my favourite memories of being a student".

They also addressed what it was like to be two female entrepreneurs pitching an idea to male-dominated venture capital firms. "Talking about women's fashion to a bunch of guys in Boston was [difficult and] something that hadn't been pitched to them very many times," says co-founder Alexis Maybank.

But it has been the students – not the professors – who have been most enthusiastic about staying in touch. About 25 of Gilt's 300 employees come from Harvard University and alumni continue to reach out as part of the school's network.

"We often get attacked by students wanting to work for Gilt or telling us about a purchase they just made, we love it," says Ms Wilkis Wilson, and adds that she regularly attends conferences to talk about Gilt Groupe and its origins.