

Case Study Analysis

Firing the Founder: A Men's Wearhouse Identity Crisis

Summary:

This case study analyzes Men's Wearhouse response to a myriad of customer backlash after firing the founder, George Zimmer, who had founded the company at the age of 26 and grew it into a retail empire of over 1,140 stores nationwide. This was seen as shocking to customers, employees and investors. There were customer boycotts and the public berated the board of directors for their decision to fire Zimmer. This also led to criticism through social media and for stock prices to plummet for six consecutive days. Besides its two press releases and letter to employees, the Men's Wearhouse management team did not respond to customers on social media and declined to comment any further about the situation to people of the press. In conclusion, Men's Wearhouse now faced a crisis in which the management team had to deal with customer criticism, speculation, employee confusion and investor apprehension. It was clear to the public that management was not prepared for this reaction by the public to take place. Men's Wearhouse now had to come up with a plan to reinvent its brand under the spotlight and with the new change in management.

Analysis:

After the termination of Zimmer, Men's Wearhouse lacked a great deal of communication between the company and its key publics, which came with many ramifications. First I'll start with the things they could have done better.

Overall Men's Wearhouse should have been much more prepared for the reaction that would inevitably take place after firing their founder who had been the face of the company for many years. At the time of releasing their 7-sentence official statement on the company website, it still predominately featured Zimmer and there was even an online feature available called "Ask George" still up and running on the website. It took more than four hours for them to actually remove Zimmer's face from the website and replace it with a young, trim suited man as well as remove the "Ask George" feature. The statement also announced the postponement of Men's Wearhouse Annual Meeting of Shareholders, which was set for the following day. I think that management should have been ready to host that meeting as soon as possible in order to justify the company's stability to their valued shareholders at the time of termination. The last thing they should have done is push the meeting back.

I believe the worst thing a company can do in a time of crisis is not say anything at all and that's exactly what Men's Wearhouse did. Management decided to make no further comment for six consecutive days after the termination of Zimmer. There was a great deal of speculation behind the firing of Zimmer and the media wanted answers. This uncertainty and speculation led to stock prices plummeting and backlash in the media. Also, during these days of speculation the CEO Doug Ewert declined any public comment regarding Zimmer. Men's Wearhouse should have been more prepared for the backlash that would take place and should have communicated with its key publics such as its employees and investors before announcing it to the public. Management should have also been much more responsive to avoid all the speculation by the media.

In terms of things they did well, I thought they gave clear and thoughtful explanations for Zimmer's termination in the official statement posted later on the website on June 25. I also thought it was effective having the CEO Doug Ewert speak publicly about Zimmer's termination and the future of Men's Wearhouse on CNBC. In addition to that, I really liked their idea of creating a television commercial that shifted towards capturing more of a youthful customer base. It showed a little bit of Men's Wearhouse's philanthropic spirit by promoting the Men's Wearhouse National Suit Drive which donates suits to unemployed men who are looking to get back into the work force. I felt that this commercial was a good step forward in reinventing the Men's Wearhouse brand and preserving its reputation with the public.

Recommendations:

I think this change in management provides a great opportunity for Men's Wearhouse to further reinvent its brand. I also think this time presents a great opportunity to improve communication and relationships between the company and its key publics.

First, Men's Wearhouse must prove to its stakeholders and investors that this transition will not affect profits or sales. They must be in close communication with them until faith is restored and there is no longer uncertainty of the future of the company. I believe face-to-face meetings are always the best way of assuring adequate communication and trust. Second, I would assure all employees that the company is in good shape and inform them of the new direction the company will be headed in. Third, I would continue to update the media on any new revelations regarding the management structure at Men's Wearhouse and philanthropic causes. In terms of consumers, my goal would be to generate exposure to the new direction Men's Wearhouse will be headed in in terms of branding. The revamping of the brand itself would follow some of the same goals that the commercial did, which is to target a more youthful customer base in order to attract a younger demographic to the Men's Wearhouse brand.