



What to Watch: The Search Is On at Two Public Men's Retailers

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January 4, 2019

Tailored Brands and DXL Group are both looking for chief executive officers.

When it comes to public men's wear-only retailers, the number of companies are few and far between.

So it's interesting that two of those firms — Tailored Brands and DXL Group — are both in the throes of searches to replace their chief executive officer.

At the end of September, Doug Ewert, the longtime chief executive officer of Tailored Brands, retired from his role and the board of directors began what it termed "a comprehensive search for a successor." He stayed on as an adviser until the end of 2018.

Ewert had been with the company for 23 years and ceo since 2011.

Executive board chairman Dinesh Lathi, the former ceo of home-decor site One Kings Lane Inc., was named in September to take over the day-to-day operations of the business.

Lathi, who also worked at eBay Inc. and has experience in investment banking and private equity, was front and center on the company's third-quarter earnings call in early December, leading many to speculate that he will eventually be officially named to the ceo spot.

The picture is different at DXL Group, the country's largest big and tall men's retailer.

Its longtime president and ceo, David Levin, said last March that he was planning to step down at the end of 2018. He had been in that position for 18 years.

A search by Heidrick & Struggles failed to result in a successor being named, so they parted ways in the fall and DXL hired Russell Reynolds Associates to lead a new search that it said it expects to be completed in the first quarter.



The search has resulted in some controversy, with Wall Street analysts and others questioning the cost of Levin's separation agreement, which totaled more than \$4 million and includes the cost of the search firms. But until another ceo is named, the company hedged its bets by making a deal with Levin to assume the role of acting ceo through April 30 with the option to renew through the end of June at the cost of \$200,000 a month.

With both companies, observers believe that in order for the new ceo's to be successful, they must have experience as a merchant and not just as a numbers-cruncher or digital whiz.

Allan Ellinger, senior managing partner of MMG Advisors, an investment banking firm, said: "If I were doing the search, I would prioritize a merchant ceo who understands the product mix and is also very savvy with today's digital/brick-and-mortar retail environment. But there are not a lot of true men's wear merchants at that level anymore."

For DXL in particular, he said, the ceo has to understand the complicated big and tall industry as well as the unique customer that business attracts. At Tailored Brands, which is heavily skewed toward tailored clothing, Ellinger believes that if Lathi gets the ceo job, he needs to be supported by a merchant who "can speak the language and help move the company forward."

Kirk Palmer, founder of the search firm that bears his name, agreed that both retailers need to find someone "with a strong merchandising proclivity."

Experience in digital and omnichannel retailing has now become mandatory, but the question is for the ceo to identify "what lane they want to be in over the next 24 to 36 months and then pull the right levers to make that happen," Palmer said.

"They need a strategic vision attained through the ranks of a merchandise-centric business," he continued, adding that he doesn't believe it's essential that experience be in men's wear. "I would cast the net widely and look to all apparel and accessories businesses," he said.

And the board of directors must also be clear on whether they want "a proven candidate or an ascendancy candidate willing to step up and run a public company," he said. And while he did not mention any names, he said there is a wide group of candidates in the industry who would fit the bill.