

"MY GOLDEN GUT" AND OTHER STORIES: HOW LILLIAN VERNON BUILT HER BRAND

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Lillian Vernon (born March 18, 1927 in Leipzig, Germany; died December 14, 2015 in New York City, USA) was one of the most successful German-American entrepreneurs in American post-war history — and arguably one of the most successful female entrepreneurs overall. Born into a wealthy Jewish family in Germany, Lilli came to the U.S. as a little girl after escaping from the Nazi regime in 1935. With an entrepreneurial spirit inherited from a family of businessmen, the “Queen of Catalogs” built her mail-order empire from scratch. Thirty-six years after Lillian Vernon started her business as a young, pregnant housewife at her kitchen table in an era of stay-at-home moms, the company bearing her name became the first business founded by a woman to be publicly listed at the New York Stock Exchange.¹ Combining a rigorous work ethic and the conservative strategies of a family business with an open mind towards technological innovation, Vernon chose the life of a classic hands-on entrepreneur for whom business and private life were often inseparably intertwined. But while she eventually reestablished her ties to Germany, she has always maintained that “Lillian Vernon” is a genuinely American success story.

Family and Ethnic Background²

“I think my father was my mentor. He was a good businessman, he was a European, and he taught me a lot about business.” (Lillian Vernon in a TV interview, April 9, 2009)³

Lillian Vernon was born as Lilli Menasche on March 18, 1927 in the city of Leipzig. She was the second of two children; her brother Fred was three years older than her. Nothing in Lilli’s early childhood seemed to point toward a life in which she would have to take her economic future into her own hands. She was born into an entrepreneurial family in Saxony, a German state that had a long tradition of bourgeois family entrepreneurship. Her father, Hermann Menasche (1898-1962), was a businessman who had made his fortune in lingerie manufacturing. In her autobiography, Vernon claimed that he was an elegant but most of all “exceptionally intelligent” man

1 *International Directory of Company Histories*, ed. Tina Grant (Detroit, 2008), 92:207-12, here 207.

2 To the author’s knowledge, there has been no historical research and no monograph written on Lillian Vernon and/or her company yet. Newspaper and magazine articles usually refer to her autobiography *An Eye For Winners. How I Built One of America’s Great Businesses — And So Can You* (New York, 2007, 1st paperback edition) when describing her family background. Therefore, this essay also relies heavily on Lillian Vernon’s book, as well as on interviews for electronic or print media, and on the answers to a list of written questions Lillian Vernon sent the author per email via her son, David Hochberg, on July 15, 2011 (hereafter quoted as Vernon/July 2011). She did not consent to a personal interview for this essay.

3 Interview with Samatha Ettus on Obsessed TV (April 9, 2009) <http://www.viddler.com/explore/ObsessedTV/videos/65> (retrieved May 5, 2011).



Figure 1: Lillian Vernon as CEO of a multi-million-dollar company. This picture was featured on the cover of her autobiography *An Eye For Winners*, published in 1996. Used with permission from a private collection.

“with a remarkable natural ability to solve problems.”⁴ Her mother Erna Menasche, née Feiner (1902-1993), came from a Jewish family of diamond merchants in Antwerp, Belgium, where her great-grandfather had settled after emigrating from the city of Cracow in the nineteenth century.⁵ Vernon described her as a “renowned beauty” who dressed “with Viennese flair,” but also as emotionally distant.⁶ Erna Menasche left the early education of her two children mainly to nannies, as most wealthy European families did at the time. A governess taught Fred and Lilli how to behave appropriately in their family’s social circles.

Leipzig, situated in the eastern part of Germany, had rapidly grown into the country’s fifth-largest city with more than 700,000 inhabitants around 1930. The city was thriving not only as the location of one of the world’s most important trade fairs (*Leipziger Messe*),

but also as a manufacturing hub where publishing, engineering, fur and textiles were among the leading industries.

Vernon often described her early childhood in Leipzig as happy. Her parents liked to entertain, hosting ice-skating parties on the frozen pond of their Leipzig estate, or dinner parties at their spacious brick villa. But the family’s privileged life ended with the rise of National Socialism in Germany. Soon after Hitler seized power in 1933, the villa was confiscated, and, as Vernon wrote, “they turned the home we loved and were so proud of . . . into Nazi headquarters.”⁷

Like most educated, prosperous Jewish families, the Menasches had thought of themselves as well-integrated members of German society. They hoped that the Nazi terror would be a passing phenomenon and stayed in Leipzig for two more years. But when Lilli’s brother Fred was attacked by an anti-Jewish mob in 1935, Hermann Menasche prepared his family’s emigration to the Netherlands. After little more than two years in Amsterdam, they moved to the United States.⁸

Lilli and her brother arrived in New York City on October 17, 1937. They had stayed with their grandmother Fanny Feiner in Antwerp

4 Vernon, *Winners*, 13.

5 *Ibid.*, 52.

6 Talking about her father’s death (1962) in a TV interview, Vernon recalled that “I was devastated, in a way one is devastated when the main parent dies, and sometimes, that’s not the mother, sometimes it is the father” (Ettus Interview, 2009).

7 Vernon, *Winners*, 14.

8 *Ibid.*, 20-21.

until their parents had found a place to live and Hermann Menasche had started a new lingerie business in New York. At the age of ten, Lilli — or Lillian, as she was soon called in America — had to adjust to a new country, a new language, and a new school for the second time: “It was very difficult when we came to New York because I spoke no English. We moved to a neighborhood with many other German and Jewish immigrants but I mostly befriended Americans since that was the easiest and quickest way to learn the culture, language, and customs of my new homeland.”⁹ The family rented an apartment on 97th Street on Manhattan’s Upper West Side. This area of the city attracted thousands of refugees from Germany and Austria in the 1930s and during the Second World War. As Vernon put it, “it was not unusual to get on a bus and hear almost nothing but German.”¹⁰

While Vernon recalled that she herself wanted nothing more than to assimilate and become a normal American girl as quickly as possible, her parents had a harder time adjusting. They didn’t speak English well, and especially her mother seems to have suffered from their loss of social status.¹¹ She rejected American fashion and tastes. Although the Menasches became U.S. citizens in 1943/44, “German discipline reigned in our household,” Vernon wrote. “We were expected to obey rules, no questions asked, no exceptions made.”¹²

Economically, too, the family never regained the status they had enjoyed in Germany. Hermann Menasche had hardly any knowledge of American business methods. He finally was moderately successful with a company manufacturing small leather goods like wallets, camera cases, and handbags. It was obligatory for the Menasche children to help out in their father’s business on weekends, and their mother worked with her husband, too. With the family’s economic future far from secure, conversations at the dinner table concentrated on business. There was “nonstop talk of shipments, orders, invoices,” Vernon recalled. “I sat, listened, and absorbed. Every meal was like a class.”¹³

At the age of fourteen, Lillian started earning her own money.¹⁴ One of her jobs as an usherette at a movie theatre on Broadway not only earned her 25 cents per hour, it also allowed her to watch dozens of movies. This gave her what she later called “a marvelous education in all things American,” including the English language: “Hollywood was my Berlitz.”¹⁵ But Lillian continued working for her father, too. He used to send her to the luxurious shops on Fifth Avenue to select expensive handbags for him to copy; his company then sold those cheaper copies to department stores. According to Vernon, this was when she first realized that she had kind

9 Vernon/July 2011.

10 Vernon, *Winners*, 22.

11 Gene N. Landrum, *Profiles of Female Genius: Thirteen Creative Women Who Changed the World* (New York, 1994), 355.

12 Vernon, *Winners*, 26.

13 *Ibid.*

14 In a short biography accompanying an interview that Vernon gave in 1993, she is quoted as saying, “I worked all through high school.” Julie Cohen Mason, “On Target: Lillian Vernon Focuses on Customers,” *Management Review*, May 1993, 22-24, here 23.

15 Vernon, *Winners*, 29.

of a sixth sense for shoppers' tastes, a special talent for picking items that people would like to buy — items that Hermann Menasche called "winners." "Soon, I was my father's source," she proudly wrote in her book that, for this very reason, bears the title "An Eye for Winners."¹⁶ She would later refer to this talent as her "Golden Gut."

Lillian Vernon repeatedly pointed out that while her father respected her and used to treat her like an equal,¹⁷ neither of her parents ever considered her a potential successor in her father's business. That role was reserved for her brother Fred, while Lillian was supposed to become a wife and a mother. Even when Fred was drafted into the U.S. Army, sent to Europe, and was killed during the Normandy invasion of 1944, Lillian was still expected to fulfill the roles of wife and mother rather than become her father's successor. And she went along with traditional expectations, at least for a while. After graduating from high school in 1946, she attended New York University, majoring in psychology — but "just in case a husband was waiting for me somewhere, I also attended classes in home economics."¹⁸ She dropped out during her junior year and, in September 1949, married the merchant Sam Hochberg whom she had met a few months before at a dance. Hochberg was the American-born son of Polish immigrants who had settled in suburban Mount Vernon, NY, running a lingerie store. He was nine years her senior. To contribute to the household income (her husband made \$75 at Hochberg's Dry Goods Store, roughly \$700 in 2010 USD),¹⁹ Lillian worked part-time as a sales clerk and bookkeeper. She quit after only a couple of months — both because she was pregnant and because of "the accepted idea that a working wife was an embarrassing commentary on her husband's earning power."²⁰

Lillian Hochberg started her mail-order business from her home in 1951, just a few months before giving birth to her first son Fred Philip on February 3, 1952. But while both business and family were growing — the Hochberg's second son David was born on October 22, 1956 — the couple's marriage suffered. Sam Hochberg worked with his wife, but did not share her increasing entrepreneurial ambition.²¹ After twenty years of marriage, and fifteen years of running the company together, the couple divorced in 1969.

Lillian Vernon married two more times. Robert Katz, an engineer and entrepreneur who brought his two children from a former marriage into the family, became her second husband in 1970; this marriage also ended in divorce in 1988. Ten years later, she married Paolo

16 Ibid., 30.

17 In her curriculum vitae at Premier Speakers Bureau, Lillian Vernon described herself as "deeply grateful" to her father: "He never treated me as anything less than equal, and from that I learned a lot. His optimism and determination are part of his legacy to me" http://premier-speakers.com/lillian_vernon/bio (retrieved April 10, 2011).

18 Vernon, *Winners*, 35.

19 Unless otherwise noted, all 2010 USD values calculated using <http://www.measuringworth.com/uscompare/> (retrieved March 28, 2012).

20 Vernon, *Winners*, 38.

21 Both Vernon and Hochberg agreed on this matter: "The entrepreneurial spirit was not in Sam. My drive and determination disturbed him," Vernon wrote in her autobiography (*Winners*, 96). Sam Hochberg himself later told a journalist that "differences in work philosophy" had ended both their common business and their marriage: "I'm more the playboy at heart, while she's the hard worker," he [Hochberg] says. "I just wanted to earn enough money to live the good life. I would have retired 25 years ago, if I could have afforded it." Quoted in Martha I. Finney, "The Treasure Of Her Company — Lillian Katz, Lillian Vernon Corp.," *Nation's Business*, February 1987, http://findarticles.com/p/articles/mi_m1154/is_v75/ai_4664014/ (retrieved April 14, 2012).

Martino, the Italian-born owner of a Manhattan beauty salon who was twenty years her junior.²² Neither Katz nor Martino ever had an active role in her company. “I’ve discovered it works better that way,” Vernon says.²³ And while Lillian Hochberg became Lillian Katz after her second marriage, she decided to change her name only once more after her second divorce. From then on, the founder chose to be associated with her business rather than with a husband. In 1990, she officially registered her own name as Lillian Vernon — the very name she had chosen for her company in 1965 by combining her first name with the business’s original location.

For many years, the Lillian Vernon Corporation remained a family business, as both Vernon’s sons worked for her. But in the end, neither one took over. Fred Hochberg left the company in January 1993 to found his own business, an investment firm, and to pursue a career in politics.²⁴ His brother David never showed any ambition to actually run the Lillian Vernon Corporation.²⁵ As neither of Vernon’s sons married or had children, she abandoned the idea of passing her company on to her descendants, and sold her shares in 2003. Vernon retired and lived in New York City with her third husband until her death in late 2015.

Business Development

“It is hard to separate Lillian Vernon the person and Lillian Vernon the company.” (Sherry Chiger, editorial director of the industry publication *Catalog Age*, 2001)²⁶

In 1951, Lillian Hochberg concluded that founding her own business would be the only way out of an economic dilemma. She was

22 Lynda Richardson, “For Catalog’s Namesake, One Last Big Sale,” *New York Times*, April 30, 2003.

23 Alex Witchel, “Sometimes a Great Notion: At Home With Lillian Vernon,” *New York Times*, January 16, 1997; Vernon, *Winners*, 196.

24 A major fundraiser and campaign advisor for the Democratic Party, Fred Hochberg served, among other things, as deputy — and later,

acting — administrator of the Small Business Administration during the presidency of Bill Clinton. After working for Barack Obama’s presidential campaign of 2008, Hochberg was appointed chairman and president of the Export-Import Bank of the United States in 2009. Openly gay himself, Hochberg has been involved in several gay-rights organizations like the Human Rights Campaign. He lives in Manhattan with his partner, the

writer Tom Healey. CV of Fred Hochberg, http://www.exim.gov/about/leadership/fred_hochberg_bio.cfm (retrieved June 15, 2011); “Executive Profile: Fred P. Hochberg,” <http://investing.businessweek.com/businessweek/research/stocks/private/person.asp?personId=6369571&previousCapId=91031&previousTitle=NEWS%20CORP-CLASS%20B> (retrieved June 15, 2011).

25 As the *New York Times* reported in 1997: “David Hochberg, 40, says he has no interest in running the company and is happy to remain its vice president for public affairs” (Witchel, “Great Notion”). After leaving the Lillian Vernon Corporation in 2005, Hochberg founded his own agency for artists in New York.

26 Cara Beard, “Lillian Vernon Sets Sights on Second Half-Century,” *Advertising Age* 72, March 19, 2001, 22.

twenty-four years old, four months pregnant, and had figured out that her husband's earnings wouldn't be sufficient to allow their growing family a comfortable life. "I wanted to make some money, and I was having a baby and I couldn't get a job in an office," was her laconic answer when, on "Take Your Child to Work Day" in 2000, an employee's daughter asked her why she had started her company.²⁷ Although more women began to enter the work force in the 1950s, female entrepreneurs were still an exception.²⁸ In general, as Vernon put it forty years later, "it was very unfashionable for women to work in those days."²⁹ In her autobiography, she described how she would be sitting at her yellow Formica kitchen table ("everyone had one of them"), flipping through the ads in women's magazines like *Seventeen*, *Glamour*, and *Charm*, and asking herself which of the advertised items she would buy if she had the money. That habit first gave her the idea to sell such items herself — by mail, from home: "What could be more natural, logical, and profitable? I would be using my experience and the skills I had acquired picking out handbags for my father . . . observing shoppers in many places."³⁰

Lillian convinced her husband to let her invest their \$2,000 wedding gift money into her undertaking (\$16,800 in 2010 USD). A handbag for \$2.99 and a matching belt in black, tan, or red for \$1.99 were the first goods she offered for sale. Her father would manufacture them, charging her \$3 for the pair. What made her offer unique was the fact that she herself would emboss her customers' monograms in gold on these items. Neither mail order nor monogrammed items were new, but the combination of both was Lillian Hochberg's innovative idea that made her plan successful.³¹ "Be *FIRST* to sport that Personalized Look on your BAG and BELT," read the first ad she placed in the back-to-school issue of *Seventeen*, a popular teenagers' magazine, in September 1951. The \$495 ad resulted in several thousand orders, and sales of more than \$16,000 (about \$134,000 in 2010 USD).³² None of the giant catalogers that dominated the mass market with their "Big Books" at that time would have taken her seriously as a competitor. By the mid-twentieth century, market leader Sears Roebuck boasted yearly sales of \$2 billion, and Montgomery Ward mailed out catalogs that were more than a thousand pages long.³³ None of them would have bothered to offer the kind of labor-intensive product that Hochberg advertised — she "had discovered niche marketing before she even heard of the concept."³⁴

The founding legend of what would later become the Lillian Vernon Corporation has been retold many times by the media, and by

27 Kate Stone Lombardi, "When a Legend Speaks, These Children Listen," *New York Times*, May 7, 2000.

28 Mitra Toossi, "A Century of Change: The U.S. Labor Force, 1950 to 2050," *Monthly Labor Review* (May 2002): 15-28, here 15.

29 Lisa Coleman and Fleming Meeks, "I Just Went Out and Did It," *Forbes*, August 17, 1992, 102-103.

30 Vernon, *Winners*, 39.

31 Landrum, *Female Genius*, 350.

32 Vernon, *Winners*, 49.

33 Robin Cherry, *Catalog: The Illustrated History of Mail-Order Shopping* (New York, 2008), 18.

34 Landrum, *Female Genius*, 351.

Vernon herself. And not unlike what the — albeit much more famous — garage in Palo Alto was for the IT company Hewlett-Packard, Hochberg's kitchen table would be for the Lillian Vernon company: the icon of a business legend serving as role model for other start-up entrepreneurs. For many years, it was proudly displayed in the corporation's lobby.

That kitchen table served as first headquarters of Hochberg's one-woman business. Here she would sort the orders, type mailing lists, personalize the bags and belts, and put together the packages before mailing them to her customers all over the United States. Borrowing the waspy-sounding name from her town of residence, Mt. Vernon, she called her business Vernon Specialties Co. After Fred's birth, Hochberg figured out how to build upon her first success. As she had neither a business plan nor any formal economic training, she proceeded by means of trial and error. She lost hundreds of dollars by putting advertisements in the wrong magazines — much as teenage girls liked her products, they simply didn't appeal to the more mature readers of *Vogue*. One particular skill she claimed she could always count on, though, was a seemingly innate, intuitive knowledge of what products her customers would want to buy. She branded this ability her "Golden Gut," and described it on numerous occasions: "I like to think I was born with a golden gut when it comes to choosing what I sell. Something happens to me when I spot a hot product. I feel it in the pit of my stomach. I know."³⁵ Whatever special talent she had, Vernon developed and refined it over the years by continuously studying magazines and ads, by habitually observing people's shopping habits and behavior, and — last, but not least — by always keeping track of her own customers' ordering histories. One might say that even before she started her business, Vernon had begun to develop her own way of market research. She had strolled along shopping miles like Fifth Avenue, observing which window decorations would make people stop to have a closer look. She had worked at a candy store and at a women's clothing store. She had sold pots and pans by phone. "Wherever I worked," Vernon wrote, "I kept my eyes and ears open and tried to learn something about what makes a business work — or fail."³⁶

She began to attend jewelry shows and other trade fairs, looking for suitable items to add to her monogrammed line. Her father had warned her early on not to rely exclusively on him, so she looked for additional suppliers of goods that she could emboss, engrave, or

35 Vernon, *Winners*, 77.

36 *Ibid.*, 38. See also Erika Rasmusson, "Staying Power," *Sales and Marketing Management* 150 (August 1998): 44.

embroider. Soon, she advertised personalized rings, pins, and lockets in addition to her bags and belts. When she discovered a company that produced black powder compacts shaped like telephone dials, these were so popular with her teenage customers “that I spent weekend after weekend engraving these compacts,” Vernon wrote. “On a good Sunday, I could turn out eight hundred.”³⁷

With the American consumer market booming after the years of austerity during the Great Depression and the Second World War, Vernon Specialties quickly grew too large for Lillian’s kitchen. In 1954, when her sales went up to \$41,000 (\$333,000 in 2010 USD) and surpassed her husband’s earnings at his family’s store, Sam Hochberg began working with his wife full-time.³⁸ They moved into a loft above a bar on one of Mt. Vernon’s main avenues. At that point they also began to include a four-page advertising catalog, illustrated with black-and-white photos showing some of their jewelry on Lillian’s hands, with each order. The response was encouraging, so they decided to send a first full-blown catalog to all 125,000 people on Lillian Hochberg’s list of customers in 1956. The catalog was thirty-two pages long and featured 175 items, mainly personalized accessories priced between \$1 and \$2.98 (between \$8 and \$24 in 2010 USD). The step from magazine advertisements only to a combination of ads and catalogs made sales go up to \$500,000 (almost \$3.8 million in 2010 USD) in 1958. Two years later, the Hochbergs rented a 5,000-square-foot warehouse in the nearby town of New Rochelle and had the company incorporated. As another business was already registered in New York State under the name of Vernon Specialties, the Hochbergs changed the name first to Vernon Products, Inc., before they finally settled on “Lillian Vernon” in 1965.

From the very beginning, Lillian Hochberg knew that her file of customers was her major asset. When her newly rented warehouse was hit by a cement truck, and much of their merchandise as well as her mailing lists were ruined, she was furious when neither banks nor insurers would accept that fact: “In their eyes, there was no collateral. My absolutely irreplaceable and invaluable list of customers was considered intangible . . .”³⁹ She often described how from day one, she used to type each purchaser’s name, address, and ordering amount on index cards — building the foundation for the mailing lists and databases with up to twenty-seven million names which would later be the backbone of her catalog empire.⁴⁰

37 Vernon, *Winners*, 73.

38 *Ibid.*, 62-65.

39 *Ibid.*, 95.

40 This figure was released by the company and quoted in a *New York Times* article in 2004. Elsa Brenner, “As C.E.O.s Go, Hardly Retiring,” *New York Times*, June 6, 2004.

In the late 1950s and early 1960s, Vernon Products grew into a more complex enterprise. The Hochbergs ventured into some jewelry fabrication of their own in 1957. One of their products, a decorative magnetized bobby-pin cup, earned them a supplier contract with the U.S. cosmetics giant Revlon in 1962. Orders from other leading cosmetics companies like Elizabeth Arden, Helena Rubinstein, Max Factor, and Maybelline followed.⁴¹ When the Hochberg's marriage ended in divorce in 1969, the couple also split their business: Sam kept the manufacturing branch, Lillian kept the catalog — and the precious mailing lists. The catalog business was already doing about \$1 million in sales by that time.⁴² Free monogramming of all products, coupled with a full and limitless refund guarantee, remained a signature asset of her business. Even customers who returned personalized items after ten years would still get fully reimbursed. In addition to jewelry, the company began to offer household items like drawer dividers and corner racks. By 1974, the Vernon Specialties catalog had expanded to ninety-six pages — most of them in color — offering jewelry, leather goods, cosmetics boxes, and a few household items, but mainly knick-knack like doorknockers and bookmarks. Among their bestsellers were personalized Christmas ornaments that had been introduced in 1968: within a few years, more than seventy-five million of these were sold.⁴³

After parting ways with her husband, Vernon had to focus on finding new suppliers. Part of the solution was “to go global,” as “American consumers were developing a taste for exotic products.”⁴⁴ She began visiting trade fairs in Europe in 1972. In 1980, after a scouting trip to the Far East, the Lillian Vernon catalog became one of the first American retailers to offer merchandise “made in China.” Establishing and maintaining reliable business connections with suppliers all over the world became one of Vernon's most important tasks. She spent up to four months per year traveling for business purposes.⁴⁵

Venturing into new realms back home, too, Lillian Vernon established The New Company, a wholesale manufacturer of brass products, in Providence, RI, in 1978. At the same time, Vernon's son David took responsibility for Provender, the company's new wholesale division. Other retailers had become interested in selling products with the Lillian Vernon brand, and Provender supplied them with Lillian Vernon's own line of toiletry items, specialty foods, and kitchen textiles.⁴⁶

The Lillian Vernon brand had evolved as a strategic reaction to the changes in post-war America's socioeconomic fabric, which were

41 Vernon, *Winners*, 89-90.

42 Coleman and Meeks, “I Just Went Out,” 103.

43 *International Directory*, 208.

44 Vernon, *Winners*, 121.

45 *Ibid.*, 125.

46 *International Directory*, 208.

gradually transforming the catalog market. Up until World War II, the so-called “Big Books” — the Montgomery Ward catalog and the Sears, Roebuck catalog that offered everything from appliances to underwear — had dominated the trade. They were aimed at families in the rural United States. Starting in the 1950s, the rural market was progressively replaced by the suburban market — “and for suburban customers,” Vernon wrote, “I realized you have to specialize.”⁴⁷ What helped her start-up catalog businesses was the fact that both Sears and Montgomery Ward were concentrating their efforts on other retail sectors at that time. Even before the war, both companies had begun to open outlet stores in cities all over the U.S. There were more than three hundred Sears stores nationwide by 1930; Sears even operated more than five hundred. And while Montgomery Ward largely failed to address the changes that America’s suburbanization brought for the whole retail industry, Sears tried to meet that challenge by expanding its store system into suburban areas with their sprawling shopping malls, rather than trying to specifically address suburbanites in catalogs.⁴⁸

Lillian Vernon’s specialization mainly consisted in catering to patrons just like herself: women in their thirties or forties, suburban mothers and housewives who, in increasing numbers, had to juggle family duties and a job outside their home. “I’m a woman who shops,” Vernon put it in a magazine interview. “I’m a woman who raised children. I’m a woman who gets in the car and goes to work every day. I’m a woman who knows what women need.”⁴⁹

Even when the company had long since started market research through focus groups, Vernon still continued to cultivate her image as intuitive entrepreneur who could afford to rely exclusively on her “Golden Gut” because she was, essentially, an ordinary woman just like her customers. She claimed that she personally chose every single item offered in her catalog, and wouldn’t sell anything she wouldn’t use herself.⁵⁰ Starting in 1976, each catalog issue featured Vernon’s picture and a personal letter to her customers. “Add the values by which I live and that I have incorporated into my company, and there’s a transition from personality to complete [brand] identity,” Vernon wrote in an online article for the Kauffman Foundation. “In my messages in each of our catalogs, I stress that I am my customer’s personal shopper, even though I have a team of buyers scouring the globe. I encourage customers to e-mail me, and I see to it that each is answered. I want customers to know and relate to me as an individual, and to understand that my company is a reflection of myself.”⁵¹

47 Vernon, *Winners*, 107.

48 For a history of Sears Roebuck, see Donald Katz, *The Big Store: Inside the Crisis and Revolution at Sears* (New York, 1987).

49 Beardi, “Lillian Vernon,” 22.

50 *International Directory*, 208.

51 “Branding: The Power of Personality,” <http://www.entrepreneurship.org/en/resource-center/branding-the-power-of-personality.aspx> (retrieved January 7, 2012).

This strategy set Lillian Vernon favorably apart in an era of ever more impersonal shopping malls and gigantic department stores, and the company relied on it for decades. “She looks at every catalog,” Lillian Vernon Corp. President Kevin Green explained to a reporter in 2001. “She loves this business.”⁵²

With the proliferation of credit cards and 1-800-numbers, the catalog market boomed in the 1970s and even more in the 1980s. The number of people ordering by mail or phone increased by 70 percent between 1982 and 1992.⁵³ Lillian Vernon grew with the market. Sales climbed to \$6 million in 1976 and \$60 million in 1982 (\$23 million and \$136 million respectively in 2010 USD). By the mid-1980s, Vernon urgently needed money for investments. A new national distribution center was in planning, a \$25-million project in Virginia Beach to keep up with customers’ growing demand and with Lillian Vernon’s ever-expanding product line. Meanwhile, the company was mailing out eighty million catalogs per year. In 1987, the investment firm Goldman Sachs sold 31 percent of Lillian Vernon to the public, collecting \$28 million for 1.9 million shares.⁵⁴ Vernon later described her entrance at the New York Stock Exchange with characteristic self-confidence: “I was making history by introducing the first woman-founded company onto a major stock exchange.”⁵⁵ In 1988, Lillian Vernon boasted a \$6.9 million net profit (\$12.7 million in 2010 USD) on revenues of \$126 million.⁵⁶

While the Lillian Vernon Corporation doubtlessly owes its founder a lion’s share especially of its early success, it is also true that the company experienced its main period of growth and expansion after Vernon’s older son Fred Hochberg had joined the company. He started to work for his mother in 1973, after getting his MBA from Columbia University. Vernon claimed that she first wanted him to “get his hands real dirty” working in the warehouses before she “started to groom him for leadership of the company” and made him head of the newly established marketing department in 1981.⁵⁷ She also gave him full credit for the planning and construction of the Virginia Beach distribution center, which started operation in 1988.⁵⁸ One year later, Hochberg became Chief Operating Officer and President of Lillian Vernon. He was then widely expected to succeed his mother as official head of Lillian Vernon in the not-too-distant future, especially since Hochberg obviously had had a large part in major strategic decisions like the technological modernization and the stock market launch of Lillian Vernon in

52 Beardi, “Lillian Vernon,” 22.

53 *International Directory*, 208.

54 The founder and her sons split \$12 million among themselves; the rest went into the distribution center. Coleman and Meeks, “I Just Went Out,” 103.

55 Vernon, *Winners*, 182.

56 *International Directory*, 208.

57 Vernon, *Winners*, 162.

58 “No one else could have done it as well or as effectively,” Vernon wrote later. “Regrettably, I believe that Fred never heard my gratitude; a parent’s criticism of-ten sounds louder than praise” (Vernon, *Winners*, 164).

the 1980s.⁵⁹ But while Vernon always maintained that she had hoped “to pass the company on to one or both of my sons,”⁶⁰ she was not ready to let Hochberg take over at that time. Quite obviously, this was at least one reason for Fred Hochberg’s brusque departure from the family business in 1993, and for his severing all ties with his mother for two years.⁶¹ She later wrote that she had been “unprepared for the blow, and I was devastated. . . . I must confess that I have never understood his need for such a radical step.”⁶²

In the early 1990s, external circumstances also turned less comfortable for Lillian Vernon. The boom of the catalog business had stimulated competition, and it became increasingly difficult to stand out. When Vernon had started her business, there had only been about fifty catalogs nationwide; four decades later, more than ten thousand vied for U.S. consumers’ attention and dollars. Not only had other entrepreneurs founded mail-order businesses aiming at similar niche markets (like, for example, Williams-Sonoma), but Bloomingdale’s and other department stores had also begun to issue catalogs offering housewares and gifts. Even Sears had finally ventured into specialty catalogs, which were continued after the company decided to fold its famous “Big Book” in 1993. The rise of successful discount chains like Kmart and Walmart had brought further competition, as had home shopping channels on television. Last but not least, additional shopping malls had been built in the United States between 1980 and 1990.⁶³ And just like other retail branches, the catalog business had to deal with cyclic economic downturns and the resulting drops in demand. The financial newspapers reported an increasing number of bankruptcies, which they attributed not just to the current economic crisis and escalating mailing costs, but also to a structural crisis within the trade.⁶⁴ What helped Lillian Vernon through many cyclic downturns was the fact that the company offered mainly small, budget-priced items that consumers could still afford in an economic crisis: in the early 1990s, more than half of Lillian Vernon products sold for less than \$15.⁶⁵

59 Consequently, his official biography on the website of the Export-Import Bank of the United States claims that it was Hochberg who “led the transformation of a small, family mail order company into an international, publically traded direct marketing corporation” http://www.exim.gov/about/leadership/fred_hochberg_bio.cfm (retrieved November 10, 2011). Vernon herself conceded that both her sons played a major part in her success: “I may have been the one to start with a dream and a line of handbags, but Fred and David were the ones who brought my dreams into the modern world. They kept on top of the latest technological developments and brought them into our company” (Vernon, *Winners*, 164). In an interview she gave a few months after Hochberg’s departure, she said that “Fred did most of the day-to-day operations” while she herself was “still very involved in merchandising” (Mason, “On Target,” 24).

60 Vernon, *Winners*, 160.

61 Without providing sources, a *New York Times* reporter wrote in 1997 that “her son Fred quit after he and his mother disagreed about the timing of his ascension to chairman” (Witchel, “Great Notion”). The company’s official explanation at the time was that Hochberg was leaving Lillian Vernon to pursue other interests: “I want to be more involved politically and in my charitable work,” Hochberg told the press. Quoted in the *Wall Street Journal*, November 24, 1992.

62 Vernon, *Winners*, 187.

63 Cherry, *Catalog*, 13.

64 John Hinge, “Catalog Houses That Once Boomed Find the Checks are No Longer in the Mail,” *Wall Street Journal*, April 4, 1991. In that year, the U.S. Postal Service had made it up to 40 percent more expensive to mail catalogs, and the courier UPS, which

delivered nine out of ten items ordered from catalogs, had raised its shipping rates for home deliveries by more than 16 percent. Robin Blumenthal, “The Ghost of Christmas Presents Is Haunting Troubled Cataloger,” *Wall Street Journal*, December 11, 1991.

65 Contrary to the industry trend, Lillian Vernon reported a “record Christmas season” in 1991. One of the top sellers in that year’s catalog was a paw-printed pet towel for \$12.98, personalized with the dog’s name. Blumenthal, “Ghost of Christmas.”

The company reacted to the changing market structures by further expanding and diversifying the classic catalog business, and by constantly embracing new technologies and sales channels. In 1990, the company launched the Lilly's Kids catalog, offering toys and gifts for children. Other specialized catalogs like Christmas Memories, Lillian's Kitchen, and a gardening catalog followed. By the mid-1990s, the company was mailing out 179 million catalogs per year to eighteen million people, and handling nearly five million orders. In 2000, Vernon additionally acquired the Rue de France catalog for French-inspired home accessories like lace curtains.⁶⁶ As the company was preparing for its fiftieth anniversary, it was publishing seven catalog titles and debuting three thousand new products per year. It employed up to 1,300 people all year, and more than four thousand during the holiday shopping season. Meanwhile, the Virginia Beach distribution center had been extended several times and equipped with a computer center. The company had established two seasonal call centers and opened eighteen outlet stores in several states. In 1994, Lillian Vernon ventured into TV shopping via the QVC Shopping Network, and the main catalog was included in *The Merchant*, one of the first CD-ROM shopping disks that circulated in the US.⁶⁷ The company began to offer its merchandise via an America Online store in 1995, when electronic shopping was still in its infancy. One year later, the first online catalog was launched on the website www.lillianvernon.com.⁶⁸

But although sales were still growing in the second half of the 1990s, the company began to struggle. With a new catalog to be printed and mailed every few weeks, Lillian Vernon had become extremely vulnerable to rises in postal rates and paper costs. Profits were halved in 1996 after paper costs had increased by 50 percent, and dropped further in the following years.⁶⁹ Ironically, 2001 — the year of Lillian Vernon's fiftieth anniversary — not only marked an all-time high in sales (\$287 million), but also went down as the year in which the company slid into the red.⁷⁰

The recession following the burst of the so-called dot-com bubble in 2000 and the terror attacks of 9/11 undoubtedly accelerated Lillian Vernon's decline, but industry observers saw long-term structural changes in the retail business as the ultimate cause.⁷¹ Most clothing and home-furnishing retailers had expanded their catalogs to include smaller items and gifts like those offered by Lillian Vernon. American consumers were beginning to move away from catalogs

66 Mark del Franko, "Adieu to Rue de France Catalog," *Multichannel Merchant*, August 1, 2004 http://multichannelmerchant.com/crosschannel/international/marketing_adieu_rue_de (retrieved December 2, 2011).

67 *International Directory*, 209-10.

68 Lorelle VanFossen, "Visiting the Web Past: Lillian Vernon, Catalog and Web Pioneer," *TheBlogHerald*, November 15, 2007 <http://www.blogherald.com/2007/11/15/visiting-the-web-past-lillian-vernon-catalog-and-web-pioneer/> (retrieved September 3, 2011).

69 While Lillian Vernon had reported a \$12.8-million net income on revenues of only \$193.6 million in 1993, revenues of \$255.5 million resulted in only \$3 million net income in 1999. *International Directory*, 210.

70 Lillian Vernon reported a net loss of \$1.3 million for 2001.

71 Beardi, "Lillian Vernon," 22.

altogether and browse the Internet instead — shopping on websites like Amazon or Ebay, where not only thousands of smaller individual vendors, but also retail giants like Target began to offer their goods.⁷² At that point, electronic shopping already contributed a share of 15 percent to Lillian Vernon's revenues, but distinguishing the brand and its products from those of other retailers became even more difficult in the Internet age.⁷³ And it was not modern technology alone that was radically reshaping the retail sector. Along with American society as a whole, the consumer market was becoming increasingly diverse around the turn of the century. The first suburban generation of white, middle-class women whose needs Lillian Vernon had understood so well, whose tastes she had catered to, and whose brand loyalty she had been able to count on for more than forty years, had aged with her — and, more importantly, had ceased to dominate the mainstream of American consumers.

Apart from the increasingly difficult economic circumstances, one of Vernon's main entrepreneurial incentives had been lost: to hand her family business over to the next generation. Once before, in 1995, she had almost sold her company for that reason;⁷⁴ now, at the age of seventy-five, she was ready to let go. In July 2003, Vernon sold the company for \$60 million in cash to Zelnick Media, a partnership of media executives backed by the Manhattan private equity group Ripplewood Holdings. The founder kept five percent of the shares, an office at the headquarters, and the largely symbolic title of non-executive chairman⁷⁵ — clearly indicating, though, that she intended to stay: "I've sold my name, but I am still the face and heart and soul of the company."⁷⁶ The new owners took the company off the New York Stock Exchange. For its last year as a public company, Lillian Vernon reported a net loss of \$18.6 million.

Zelnick Media did not succeed in turning Lillian Vernon around. Less than three years later, in May 2006, the company was sold again — this time to the Florida-based investment firm Sun Capital Partners.⁷⁷ Once again, Vernon agreed to stay on as non-executive chairperson, and to be more actively involved as advisor in merchandising.⁷⁸ But although the new management took what industry observers judged to be steps in the right direction⁷⁹ — trimming management structures

72 From 2000 to 2002, catalog use among all consumers declined from 42 to 32 percent, while the share of online shoppers more than doubled from 10 to 24 percent, a study found. *International Directory*, 210. In the mid-1990s, two-thirds of the adult population, or 132 million Americans, had still ordered from catalogs. Witchel, "Great Notion."

73 *International Directory*, 210.

74 The investment group Freeman Spogli & Co. had offered to buy three-quarters of company for \$190 million. The deal was called off when the cataloger's income decreased, and Vernon and Hochberg would not accept a lower price. *International Directory*, 209.

75 Tim Arango and Suzanne Kapner, "Lillian Is Packaging It In," *New York Post*, April 17, 2003. See also Paul Miller, "Zelnick Media Leveraging Lillian Vernon," *Catalog Age* 21, February 2004, 8.

76 Richardson, "Catalog's Name-sake;" Brenner, "As C.E.O.s Go."

77 Carolyn Shapiro, "New Owner To Close Lillian Vernon Operations in Virginia Beach," *The Virginian-Pilot*, April 24, 2010.

78 Jim Tierney, "Lillian Vernon Sold, Muoio Takes Top Spot," *Multi-channel Merchant*, July 2006, 7.

79 Matt Griffin, "Lillian Vernon: Slumping Staple Figures Out How to Grow Again," *Catalog Success*, April 2007, 14.

and inventory, while substantially reducing shipping times — sales did not pick up, and the company stayed in the red. Facing a tightened credit market after a particularly bad holiday season, Lillian Vernon filed for bankruptcy protection in February 2008.⁸⁰ The company was sold by auction three months later to Current USA, a direct marketer owned by the printing and electronics giant Taylor Corporation. Today, the Lillian Vernon Corporation operates from Current's main location in Colorado Springs. Apart from its website www.lillianvernon.com, the company published three catalog titles with more than seven hundred products per edition in 2011 and claimed to have mailed eighty million catalogs this year.⁸¹ As a privately held company, Current USA was not required to publish financial data for Lillian Vernon, and did not respond to questions as to whether the cataloger has become profitable again. The same is true of the private equity firm Regent Equity Partners, which bought Lillian Vernon in 2015 as part of its acquisition of Current-USA Inc. from the Taylor Corp. It had owned Current since 1998.⁸²

During the last years of her life, Vernon herself was no longer involved with the business. The transition was difficult, as she conceded a few years later: "I guess there's always regrets." That said, she brushed sentimentality aside for a more businesslike summary: "But you do things that you have to do."⁸³

Social Status and Personality

"Forget her impeccable cashmere ensembles, red lipstick and sprayed hair. The part you can't see is steel." (A *New York Times* reporter about Lillian Vernon, 1997)⁸⁴

Lillian Vernon was a petite woman, but she would make sure that she was not going to be overlooked. She wore high heels to the office even when she had broken her ankle a few weeks earlier, and the doctor had only just removed the cast.⁸⁵ But those heels that brought her up to the 5'3" she claimed to be were just a minor contribution to what many who met her described as her larger-than-life personality. "She seems to be able of growing enormous by sheer force of will," one interviewer put it after describing the following episode: "Recalling an encounter with an employee following the New Year's holiday, she sits straight up on the couch. 'I told him, I give my weekend to catching up with your work, and that should be a pleasure, not a chore.'"⁸⁶

Self-discipline and hard work were core ingredients of Vernon's entire life, and she used to expect no less from her employees, as

80 Michael J. de la Merced, "Bankruptcy Protection for Retailer," *New York Times*, May 3, 2008. Shapiro, "New Owner." Two other well-known retailers that filed for bankruptcy protection that year were Linens 'n Things and Sharper Image.

81 About Lillian Vernon, company profile <http://www.lillianvernon.com/CustomerService/Index/AboutLillianVernon> (retrieved January 12, 2012).

82 Wanye Heilmann, "Current Sold to Equity Firm," *Colorado Springs Gazette*, December 4, 2015 (retrieved August 1, 2016); Laurence Arnold, "Lillian Vernon, Mistress of Mail-Order Catalogs, Dies at 88," *Bloomberg.com*, December 15, 2015 (retrieved August 1, 2016).

83 Ettus Interview, 2009.

84 Witchel, "Great Notion."

85 Finney, "Treasure."

86 Witchel, "Great Notion."

from people around her in general. “Intuitive, tough, quick temper, competitive, impatient, confident, strong work ethic” were the characteristic traits attributed to her in a profile for a book about women entrepreneurs.⁸⁷ According to her first husband Sam Hochberg, however, Vernon had been unaware of her own strong entrepreneurial drive before she actually started her own business. She never had shown much ambition while working for others, he told a reporter many years after their divorce.⁸⁸ Once those entrepreneurial traits were activated, though, there was no turning back, even at the price of her marriage. “I really loved my first husband,” Vernon told *USA Weekend* in 1986: “If we hadn’t worked together, I think we’d probably still be married.”⁸⁹ Just as for her husband, it would later be difficult for her sons to work with a mother who, by virtue of her success, frequently claimed that she knew better and best, and who obviously enjoyed power games.⁹⁰ Vernon herself attributed her tough demeanor to the times when, as a young start-up entrepreneur, she had to elbow her way into a male-dominated world.⁹¹

Vernon carefully fostered her image as an exemplary entrepreneur ever since becoming head of a multi-million-dollar business, and successfully so: she was advertised as a role model by politicians, business organizations, women’s rights activists, and the media.⁹² She became a member of influential businesswomen’s networks like the Committee of 200, and she served at the National Women’s Business Council that was established in 1988 to advise the president and Congress. In 1990, *Forbes* chose her among “The Year’s 25 Most Fascinating Business People.”⁹³ She never regarded herself as a feminist in an ideological sense, though. Like many self-made entrepreneurs, she officially scoffed at theory, and referred to herself as a practical-minded person. When once asked whether she considered herself feminist, Vernon answered: “You’ve got Gloria Steinem and whatever her name is . . . Betty Friedan. They just talked about it. But you know what? I went out and did it.”⁹⁴ The exemplary stories she used to tell — or that were told by her PR department — often sought to promote her image as a pioneering woman in many fields. This image, of course, would also serve her business purposes. There is the story about “Take Your Daughters to Work Day” in 1992, for example: when Vernon learned that David Hochberg had arranged for her to receive her employees’ daughters at the company, she refused to play along unless her employees’ sons were invited, too. Needless to say, she got her way, although PR director Hochberg later claimed to have kept the attendance of

87 Landrum, *Female Genius*, 358.

88 Finney, “Treasure.”

89 Landrum, *Female Genius*, 355.

90 This is illustrated by the following episode described in a *New York Times* report: “David Hochberg is here now, files in hand. Cold air rushes in behind him. ‘No coat, David?’ his mother asks. ‘I don’t wear coats,’ he replies. ‘Didn’t I buy you a coat, David?’ she persists. Poker-faced, he talks only business” (Witchel, “Great Notion”).

91 Quoted in Vernon’s CV http://premierespeakers.com/lillian_vernon/bio (retrieved July 12, 2011).

92 Landrum, *Female Genius*, 348–49.

93 *Forbes*, January 1, 1990, 65.

94 Coleman and Meeks, “I Just Went Out,” 103.

the boys quiet because “it was considered so politically incorrect at that time.”⁹⁵

Having established her own business, Vernon tried to encourage others to do the same. Her autobiography was written mainly for that purpose: as its subtitle (“How I Built One of America’s Great Businesses — And So Can You”) implies, it is rather a how-to book than a classic autobiography — including a checklist titled “The Successful Entrepreneur’s Toolkit.” Her toolkit contains long lists of Do’s and Don’ts (“Don’t spend more money than you have . . . Keep your debts manageable”), rules of thumb (“I have this rule of thumb: every unhappy customer will tell ten others about a bad experience”), aphorisms (“Instinct will get you started, but it won’t sustain you”), and proverbs (“A time-saver is a lifesaver”).⁹⁶ These rules were constantly reality-tested in her business, used in an operation that Vernon described as applied common sense: “A lot of it is street smarts, common-sense intelligence,” she once put it. “It’s wisdom, not a degree, that gets you ahead in business.”⁹⁷ Her biggest setbacks happened, Vernon wrote, when “I had failed to follow my own rules.”⁹⁸

Vernon had a reputation as a “charismatic speaker” at business schools, and held at least half a dozen honorary doctorates.⁹⁹ But her conviction that a conventional MBA education wouldn’t bring out good entrepreneurs made her endow a chair for entrepreneurship at New York University through the Lillian Vernon Foundation.¹⁰⁰ Like many prosperous entrepreneurs, she felt she owed part of her success to American society, and was committed to “giving back

» authors on the subject of management theory, wrote in 1985: “By and large, big companies have been successful as entrepreneurs only if they use their own people to build the venture. They have been successful only when they use people whom they understand and who understand them, people whom they trust and who in turn know how to get things done in the existing business; people, in other words, with whom one can work as partners” (Peter Drucker, “The Entrepreneurial Business,” in *Innovation and Entrepreneurship: Practice and Principle* [New York, 1985], 147-76, here 175).

95 Lombardi, “Legend.”

96 Respectively: Landrum, *Female Genius*, 356; Vernon, *Winners*, 113, 110, 78.

97 Quoted in Elsa Brenner, “Women at Helm Set a Course to the Top,” *New York Times*, May 10, 1998.

98 Vernon, *Winners*, 172.

99 Landrum, *Female Genius*, 348.

100 A story Vernon loved to tell in that context was how she hired people

trained at professional management schools to run her growing business on a day-to-day basis, only to discover that “most people with MBAs are not at the same wave length as entrepreneurs.” Instead of making their own decisions, Vernon scoffed, “those MBAs carried analysis to the point of paralysis.” She found out that she could work better with outside consultants and with managers who had been promoted from within, “who know the company and have a feel for the

way we operate” (*Winners*, 167-73). More than ten years later, she claimed that she had learned to trust the instincts of her senior managers “as well as my own,” and ascribed her company’s success to “team effort” (Lillian Vernon, “Entrepreneurs and Professional Managers,” *Management Review* 88, February 13, 1999). This was, of course, hardly a unique observation by a single entrepreneur. As Peter Drucker, one of the most influential thinkers and most widely read »

to her community.”¹⁰¹ Her foundation not only supports business-related causes, but also art programs, medical research, and charities like Meals on Wheels. Vernon herself became a board member of the Lincoln Center for the Performing Arts, Bryant College, the Children’s Museum of Art, and many other institutions. Politically, Vernon and her family have long been affiliated with the Democratic Party. Her financial contributions to the party and its presidential campaigns earned her an overnight stay at the White House;¹⁰² her son Fred served as a major fundraiser for the Democrats before being appointed chairman and president of the Export-Import Bank of the United States by President Obama in 2009.

In her busy social life, too, business and private life were always closely connected. Especially after she had married Paolo Martino (who was reported to be a dedicated chef), she often entertained at her home even while she was still CEO. Apart from their apartment in New York City, the couple owned a spacious house in Greenwich, Connecticut, where they hosted dinners or theme parties. According to a social reporter who visited in 2004, Vernon’s guest book “reads like a who’s who of politics, finance, publishing and the arts,” and year after year, the hostess “loves to pull off the perfect party,” be it for Halloween or the holidays.¹⁰³ Business magnates, artists, and celebrities would bring some of the glamour that Vernon had admired as a teenager to her home — a home that, at the same time, served as showroom for her products. No guest would ever leave without a monogrammed napkin ring or another personalized gift from the Lillian Vernon catalog.

After retiring from the top executive position, Vernon kept up her self-discipline and, to a certain degree, her competitiveness. She would never appear anywhere but impeccably coiffed and dressed. When she was interviewed, she never forgot to mention that she worked out daily to stay in shape. “Now look at those muscles,” she told a journalist when she 76. “They’re not something you’d expect to see on a woman my age.” The reporter confirmed: “Indeed they were not.”¹⁰⁴ Always blunt, Vernon openly admitted to having had plastic surgery and to seeking professional help from a therapist in times of personal crisis.¹⁰⁵ But even those experiences, private affairs for most people, were integrated into her public personality to serve an exemplary purpose — in this case, that you may fall, but you can always pick yourself up again.

Vernon described the obligation to run one’s business ethically as an important part of a true entrepreneur’s work ethic, because

101 CV of Lillian Vernon http://premierespeakers.com/lillian_vernon/bio (retrieved July 12, 2011). According to a corporate report from 1998, Vernon’s company donated funds and merchandise to more than five hundred charities, religious, and civic organizations. Valerie Cruice, “Starting Simply: The Story of a Business,” *New York Times*, May 24, 1998.

102 Brenner, “As C.E.O.s Go.”

103 Meredith Gray, “Home for The Holidays,” http://www.panachemag.com/Food&Wine/Lillian_Vernon_Holiday_Entertaining.asp (published in 2004; retrieved on March 28, 2012).

104 Brenner, “As C.E.O.s Go.” In 2009, when Vernon was 82, she claimed that she was still working out — and working — “every single day” (Ettus Interview, 2009).

105 Richardson, “Catalog’s Namesake:” “She is all candor. ‘I’m wrinkleless; surely it’s not me,’ she says, unblinking, joking that even 12-year-olds have plastic surgery these days.”

in the end it's the long-term impact that matters, not short-term profit. She insisted that money is important, but it is not everything.¹⁰⁶ And she contended that passion, not greed, should be an entrepreneur's motivating force.¹⁰⁷ She once pointed out that she wanted to be remembered as "someone who wanted to make a difference" and added, after a short reflective pause: "And I do believe I did. I won't be one of the Obamas of the world, or the Clintons of the world. But I think lots of people know who I am, which is very gratifying."¹⁰⁸

On another occasion, Vernon described life as a puzzle: "At the end of the day all the pieces have to fit." And if it turns out they don't? Her answer comes as no surprise: "Go back and work hard fitting them again!"¹⁰⁹

Immigrant Entrepreneurship

"I consider myself American, not German-American." (Lillian Vernon, June 2011)

Lillian Vernon occasionally referred to her German background, mentioning half-jokingly, for example, that "my Germanic upbringing may have made me hardworking, but it did not turn me into the classic German do-it-all hausfrau."¹¹⁰ Given the circumstances of her family's forced emigration, though, it is no wonder that she didn't give her German heritage much credit for her career. For more than three decades, she refused to even set foot in her country of birth, which she also blamed for her brother Fred's death in the Second World War. "Then I realized," Vernon said, "that while it is important never to forget, one must forgive."¹¹¹ In 1972, she returned to Germany for the first time. She attended the Hanover trade fair, established business relations with German suppliers and, from then on, regularly went to German trade fairs. But as late as 1987, she claimed that "I won't go back to Leipzig out of respect for my father."¹¹² Finally, she did take her sons on a tour of Germany "to rediscover my roots" in 2003. The family went to Leipzig and even visited the apartment Vernon had lived in as a child.¹¹³ But even if she claimed to have "made peace" with her feelings about Germany, Vernon always insisted that the fact of being an immigrant, most notably the process of adjusting to and integrating into her new country, was much more important than the place and culture she had come from. This would also include her Jewish background: "I think being an immigrant is what shaped

106 "Look at it this way: If your business stops making money, it stops breathing," Vernon explained in her autobiography. "But you don't live your life just to keep breathing. You live it for a sense of accomplishment, of satisfaction" (*Winners*, 53).

107 "New York is filled with these lunatics these days," she said in an interview in 2009. "They say, 'Okay, I took 50 billions today, that wasn't too bad, was it? Oh well, I might spend the rest of my days in jail, but does it matter?' But it does" (Ettus-Interview, 2009).

108 Ettus Interview, 2009.

109 Witchel, "Great Notion."

110 Vernon, *Winners*, 60.

111 Vernon/July 2011.

112 Finney, "Treasure."

113 Vernon/July 2011.

me — striving to succeed and get ahead” was how she summarized her point of view. “My religion and [ethnic] roots were not the factor.”¹¹⁴

After they had arrived in New York, the Menasche family concentrated on how to make a living — which was anything but easy at that time. The U.S. economy had slipped back into recession in 1937, and work was scarce especially in the big cities that attracted most immigrants.¹¹⁵ According to Vernon, there was a kind of extended family network they were able to fall back on, but her father would make use of it as little as possible. They lived with a relative on the Upper West Side for a short time, and then moved into a hotel until they found their own apartment.¹¹⁶ She also wrote that her father had two uncles in the city who were successful businessmen, “but he never asked them for help. He was too proud and independent, and he was determined to make it on his own.”¹¹⁷ Hermann Menasche worked for one of his uncles as a salesman after his first lingerie firm in the U.S. went bankrupt, but only for a few months until he could start another business of his own.¹¹⁸ At the same time, the Menasches obviously did their best to sustain their children’s integration into American society: “Our parents spoke German to each other, but English with us.”¹¹⁹ Lilli and her brother Fred also “worked hard” to become Americanized, not only practicing their English, but also taking and comparing “notes on American customs.”¹²⁰ There are no clues as to whether they befriended any other German immigrant families in their neighborhood where, as mentioned before, their native language was ubiquitous at that time. Clearly, Vernon saw her immediate family, and not an ethnic network, as the most important source from which she drew to build her new life, and later her entrepreneurial career.

No historian can measure the impact of extreme occurrences like dispossession and flight on any person’s individual life and psyche, especially when it comes to long-term consequences. Even less convincing would be any attempts to generalize causes and effects from such an individual case. It is obvious that being an immigrant in difficult times influenced Lillian Vernon’s life and character, but what exactly these circumstances effected (or obstructed), we will never know. What a historian can try to do, however, is to reconstruct what typical formats individual persons use to make sense of their new environment and give direction to their own lives. More than fifty years after her arrival in New York, Vernon wrote that even though she felt lonely during the first months, “now, as a businesswoman,

114 Vernon/July 2011.

115 In November 1937, a Jewish magazine in Berlin noted: “People in Germany are unfortunately unaware of the considerable importance of the connection between job opportunities and the place in which one settles. In New York there are possibilities of finding a very good job; but these chances are small. Much greater is the chance of not finding any job in New York at all. The same applies to Chicago and to all the big cities, to the same extent more or less. Unemployment among the Jewish immigrants from Germany is the greatest by far in New York. . . . In the big city, the immigrant is almost always a social nothing, who is dependent for an extended period of time on relatives or friends from Germany who are in the same position.” Quoted in Jewish Virtual Library, “Guenther Plaut on Jewish Immigration to the United States,” *Jüdisches Gemeindeblatt*, Berlin, November 21, 1937 <http://www.jewishvirtuallibrary.org/jsourc/Holocaust/USImmigration.html> (retrieved July 7, 2011).

116 Vernon, *Winners*, 22.

117 *Ibid.*, 24.

118 *Ibid.*, 28.

119 *Ibid.*, 24.

120 *Ibid.*, 23.

I understand that there are advantages to being an outsider peering in. Outsiders see with a special clarity.”¹²¹ Immigrant outsiders don’t arrive as blank slates, though. They arrive “pre-formatted,” so-to-speak, by a world in which they had been insiders.

Lillian Vernon’s entrepreneurial tool kit — the set of rules, customs, and practices that shaped and explained her business decisions — has already been discussed. At least part of this set was doubtlessly derived from the mentality of a German bourgeois family business. For example, it has often been said that Vernon “inherited her father’s European work ethic.”¹²² However, in addition to an ethic that values hard work per se there was also a culture of learning and achievement, of mastering skills not only as means to another end (like making money), but as a valuable end in itself: “In my family, nothing was more valued than achievement, learning how to do something well,” Vernon said. “None of us stopped until we had done our best.”¹²³

Vernon relied heavily on the founding legend, complemented and broadened by other stories related to her business. Many observers noted that admiration for her father’s persistence made her choose him as a role model, but what became “indelibly imprinted on Lillian’s young mind” was not an abstract concept of tenacity and adaptability.¹²⁴ It was the tangible story of her father losing his business several times through circumstances that were not of his own making, and never letting himself be defeated; the story of her father founding no less than three businesses in the U.S. under the company name of “Mercury Products” until he finally managed to keep his family economically afloat. “Just when we seemed finally settled,” Vernon wrote, “my father’s business failed again. He was a stranger to American business methods and did not realize that he needed to hire a receptionist, a model, a secretary, a pattern maker, and a cutter. Those were costs his start-up company could not support. Once again, I saw him pick himself up. . . . In a year, he had set up yet another company of his own, which once again he named Mercury Products Inc.”¹²⁵

The key lessons from her father’s story would later resurface in Lillian Vernon’s own founding legend, the one set at Lillian Hochberg’s yellow Formica kitchen table: “Here I was with diapers in the tub, dishes in the sink, and order forms — everywhere! . . . There were times when I was exhausted. Whenever that happened, one of my father’s favorite sayings came to mind: ‘If it was easy, anyone could do your job.’ The memory of those words always revived my enthusiasm

121 Ibid., 16.

122 Landrum, *Female Genius*, 349.

123 Vernon, *Winners*, 17.

124 Landrum, *Female Genius*, 349.

125 Vernon, *Winners*, 28.

back into my work. . . . When I felt my head nodding I would sit up and say, ‘This must get done.’”¹²⁶

It has long been established that family businesses with their specific sets of values, traditions, idiosyncrasies, and rather long-term orientation usually lean towards a high degree of autonomy and flexibility. Throughout history, entrepreneurs who run family businesses have tended to maintain a sustainable, organic type of growth; they are often wary of burdening their companies with too much debt and put a high priority on their independence. These values are a core element of the heritage that the founder of a family business will strive to retain and hand down to the next generation. In this value transmission process, as a German study has recently shown, stories serve as a major vehicle.¹²⁷ As the author Mirko Zwack explains, stories never tell everything — we leave some things out, enhance other aspects, or even make parts of it up. That way, we confine our stories to carry a certain message, or to transport a certain value, without explicitly saying so. What is only implicitly told, however, cannot be confounded: “That’s how a story protects its values from dissent.”¹²⁸

What medium could be more suitable for a self-made entrepreneur who, apart from founding and shaping a company, would also strive to shape and control the narration of her own life, so that, at the end of the day, all the puzzle pieces should fit?

Conclusion

Lillian Vernon became an entrepreneur almost by chance. Intending to just make some extra money for her growing family at first, her start-up business soon developed into something bigger: a mail-order empire that was as closely connected to her own person as the shared name “Lillian Vernon” suggested — a name that she first gave her company, then herself.

To perpetuate her life’s work, the family business that she intended to hand down to one or both of her sons, Vernon relied heavily on the medium of stories: be it the story of her father’s difficult start in the U.S. or the story of her own first ad, the story about her still personally taking orders from customers on the phone even when the Lillian Vernon Corporation was a multi-million-dollar company, or the story about how she brought boys to “Bring Your Daughters To Work Day.” They all served as important vehicles to communicate a set of values and convictions that were, to a large extent, already part of Vernon’s own

126 Ibid., 59.

127 Mirko Zwack, *Die Macht der Geschichten: Erzählungen als Form der Wertevermittlung in Familienunternehmen* (Heidelberg, 2011).

128 Author’s own translation from German original. Quoted in a press release of the Universität Witten-Herdecke of October 24, 2011, on the website of the Informationsdienst Wissenschaft <http://expertenlisten.com/en/news437602> (retrieved December 30, 2011).

heritage shaped by several generations of European entrepreneurs. To describe these stories as PR tools to promote her “identity brand” and her sales would simply fall short — even if this purpose was certainly involved. Together with Vernon’s entrepreneurial tool kit (which, to a great part, was also part of her family heritage), all these stories added up to a case history, an exemplary narrative that she finally put down in writing in her autobiographic book: to provide a more general role model for other entrepreneurs to strive for, but also to inscribe her own life in a meaningful sense into the larger context of her family’s history.

Not surprisingly, the last chapter of her book is titled “The Test of Time.” It starts with the sentence: “The Lillian Vernon Corporation will endure forever, whether I am here or not” — a rather questionable claim by now, given the rise and fall of the “Queen of Catalogs” empire along with the catalog industry as a whole.¹²⁹ And it ends with, again, a story: the description of Vernon’s overnight stay at the White House’s Lincoln bedroom as a moment of epiphany. “I saw then that the success of the Lillian Vernon Corporation had been the realization of my father’s dreams and the validation of my own self-worth that I’d longed for.”¹³⁰

Vernon left no doubt whatsoever, though, that the country she owed her success to was not her country of birth. The exemplary story that she told follows the classic outline of the Horatio-Alger-type narrative about hardworking, persistent immigrants succeeding in the land of limitless opportunities, regardless of class and origin. “Perhaps it wasn’t the least bit ironic that I found myself in the Lincoln bedroom,” she wrote. “Isn’t opportunity what America is all about? Mine is truly an American story. . . . imagine — from immigrant girl to the White House — only in America.”¹³¹

In the end, the story was all about her — and when her son was ready to transfer her life’s work into the next generation, she couldn’t let go.

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129 Vernon, *Winners*, 199.

130 Ibid.

131 Ibid., 200.

