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THINK BIG

How Marc Ecko turned his high school T-shirt business into a **billion-dollar hip-hop power-house**

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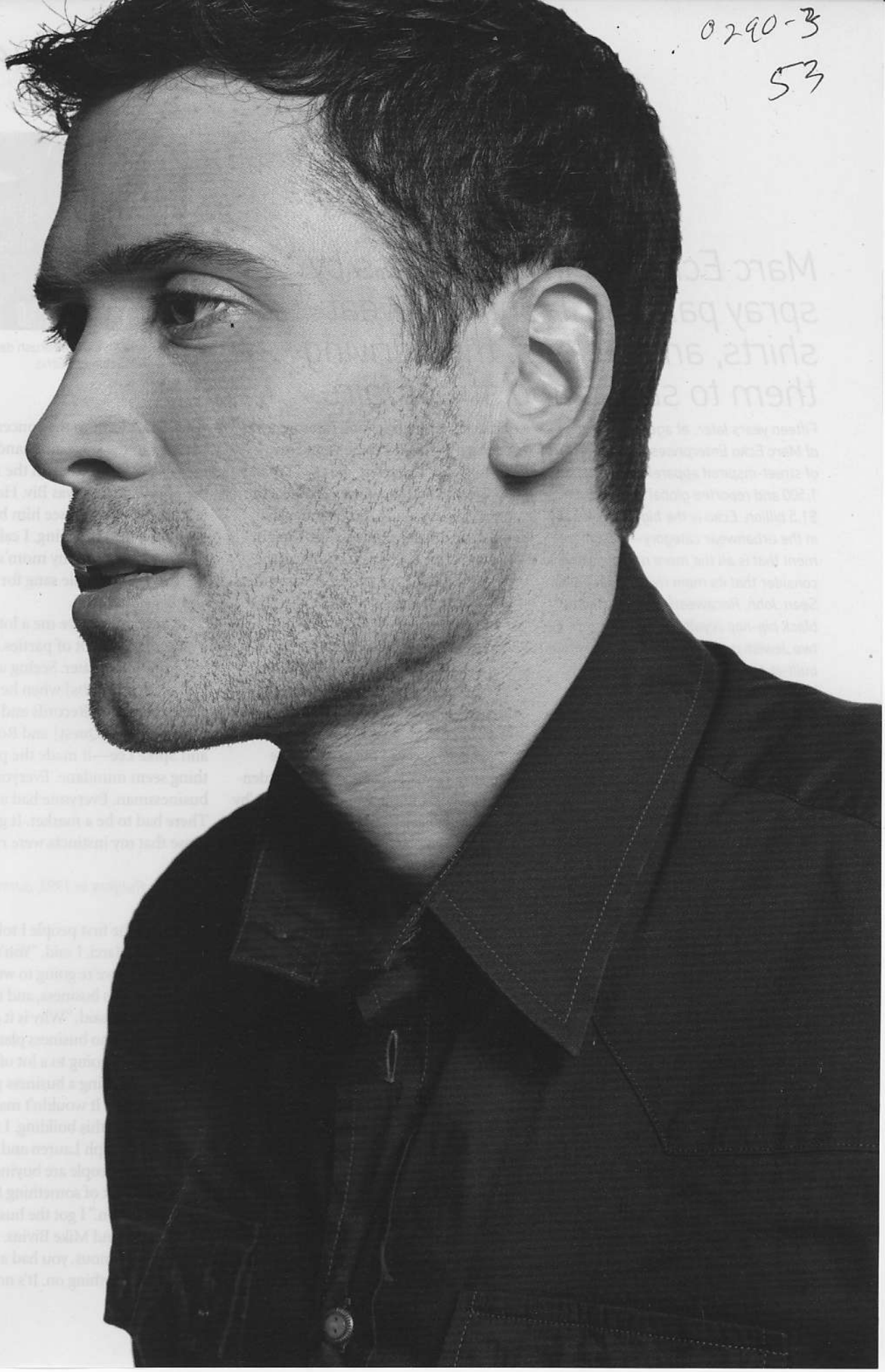
"IT'S GOING TO BE BIG"

Marc Ecko always had the dream. Over time—it wasn't easy—he developed the skills. Here, he talks about how he got smart, why his billion-dollar clothing company is really a marketing company, and what a T-shirt king can learn from going upscale **BY ARTHUR LUBOW**

PHOTOGRAPH BY JAKE CHESSUM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Wild Style An early airbrush design. Note the spelling of *Echo*.

Marc Ecko got into business by spray painting T-shirts, sweatshirts, and jackets, then driving them to shops and street fairs.

Fifteen years later, at age 36, he owns half of Marc Ecko Enterprises, a manufacturer of street-inspired apparel with a staff of 1,500 and reported global revenue of $1.5 billion. Ecko is the biggest company in the urbanwear category—an achievement that is all the more notable when you consider that its main rivals (Phat Farm, Sean John, Rocawear) were started by black hip-hop royalty, and Ecko is run by two Jewish guys from New Jersey without built-in street cred.

Inc. spoke with Ecko in his raffishly lavish headquarters in the Chelsea district of Manhattan about his beginnings in Lakewood, New Jersey, an exurb of New York City, and his on-the-fly business education.

To grow up on a block with such diversity—that was the pivot for everything. My very best friend in Lakewood—it always sounds so corny, "My best friend was black"—but it's true. The mainstreaming of black culture from hip-hop was happening. So the cool kids of all sorts were interested in hip-hop. I didn't identify with my ethnicity. I was a plain-vanilla guy who had a Jewish orientation—at least, according to my family I did. To me, it meant you ate bagels and lox when you got together. In this ethnic background, I really gravitated toward hip-hop. Michael Jordan was a god.

I started doing T-shirts in eighth grade. I got a book of graffiti art in seventh grade, and that was the path into it. When I would draw graffiti, it would get the same approbation from my peers that I had got from my relatives when I copied comic book characters. I asked my parents for an air compressor and airbrush. By high school, I was wearing my own T-shirts. People would say, "Where did you get it?" I'd say, "I made it." They would say, "Can you make me one?" I was making more money than the drug dealers. Some weeks, I might have $600 or $700 cash. I did it all the way through high school. I became the guy who was known for that.

His high school guidance counselor convinced him he needed a profession. Being the son of a pharmacist, Ecko decided he would attend the School of Pharmacy at Rutgers University.

College showed me how unique Lakewood was. You show up at Hardenburgh Hall, and the white kids say, "Why are you so black?" And the black kids say, "Why are you so black?" The pharmacy students didn't want to listen to A Tribe Called Quest or R. Kelly. I was average at pharmacy school. I said, I could do this and pursue a career having to do with pharmacy and be quite average and definitely not happy.

At the end of my freshman year, I came up with an idea with my friend Cale Brock, who was a really good singer. Boys II Men was blowing up, and Michael Bivins [a singer who had been a producer on the first Boys II Men album] had created his own imprint on Motown Records. Boys II Men was doing a concert in New Jersey. I made a jacket and put a cassette tape by Cale in the pocket along with a little note for Biv saying that if he wanted more airbrushed stuff to call me. Then I dislocated my shoulder, so my older sister Shari went to the concert and went up to the stage and handed him the jacket. At 3 o'clock in the morning, the phone rang. It was Biv. He asked if we could come to see him before he left the next morning. I called up Cale, we borrowed my mom's car, and we drove down. Cale sang for him, and Biv signed him.

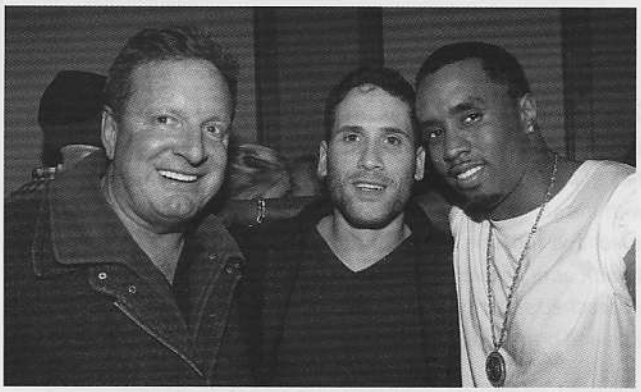
Knowing Biv gave me a lot of access. I was going to a lot of parties. It made my ambition greater. Seeing a young Puffy [Sean Combs] when he was doing A&R at Uptown Records and Q-Tip [of A Tribe Called Quest] and Rosie Perez and Spike Lee—it made the pharmacy thing seem mundane. Everyone was a businessman. Everyone had a hustle. There had to be a market. It gave me a sense that my instincts were right.

Ecko left Rutgers in 1993, during his third year.

One of the first people I told was my twin sister, Marci. I said, "You're going to leave college, we're going to work together in this business, and it's going to be big." She said, "Why is it going to be big?" I had no business plan. It was just that I was going to a lot of parties.

I began writing a business plan, but it was very naive. It wouldn't make it up the elevator in this building. I remember referencing Ralph Lauren and Polo a lot. I would say, "People are buying Ralph Lauren for lack of something from their own generation." I got the business plan to Spike Lee and Mike Bivins. I thought if you were famous, you had a key and could turn anything on. It's not the case.

COURTESY MARC ECKO ENTERPRISES



Friendly Competition Ecko and his partner, Seth Gerszberg, with Sean Combs

My friend Perry, the son of my art teacher Mrs. Landesberg, had a friend Seth from Teaneck, New Jersey, who had been living in Austria, working in real estate. They said he had some cash to invest in a business. I telephoned him. Seth comes to my house in this red Mustang convertible, in denim shorts cut really short. His fingernails were dirty up to his elbows, and he's got a yarmulke on. I thought, What a mess. What's going on here? When we started to talk, I found it somewhat intimidating that someone my age could be so direct in asking about the business and what I wanted to do. I was intimidated and blew him off. Realizing I didn't have any better options, I called him up six months later. He was so nice about it. He came over, and it turned out he did have $5,000 in cash, and he said, "How many T-shirts can you get printed for this?"

Seth Gerszberg is still Ecko's 50-50 partner.

We speak once or twice a day. I left the house at 6:10 this morning, and we touched base on the phone for 10 minutes. I can take a deal to the point where it's conceptually doable, and then he can go in and be more lawyerly about it. He's doing what a CEO should be doing; I'm doing what a chief creative officer should be doing. I probably count on his opinion as the most important. I brought in Marci a year later, when she graduated. She now runs Zoo York [a skateboarding-apparel company that was the first major acquisition by Marc Ecko Enterprises].

The company needed a name and a logo. Ecko's family name was Milecofsky; at home, he was known as Echo, because his mother's obstetrician had told her that, despite her sense that she was bearing twins, she was merely feeling "an echo in the fluids." He wanted to build the company around his nickname, but Echo *was trademarked.*

For a short time, we were "Ecko Unlimited by Mark Echo." That made sense to me but not to anyone else. In 1996, I changed my name legally to Ecko. [It is also the surname of his wife, Allison, who was his college sweetheart, and their three children.]

While I was in pursuit of a logo, I went to visit my folks. My dad had a wooden rhino in his "blue room," the garage that he converted into a den and bar, with blue shag carpet and wood paneling floor to ceiling. It occurred to me that that is such a great animal. I began thinking of Ralph Lauren [with its polo pony logo] and Lacoste [with its crocodile]. I decided I would use the rhino. When I told my buyers, they had such contempt for that idea. Buyers thought they knew what my brand was. It's why you always have to start with your end audience. And you can't design by committee, even when you're sales driven. They said, "We don't want Timberland; we don't want rugged; we just want graffiti." But I think good design makes you scratch your head. We put out 25 T-shirts. One was a rhino. That one sold out. Our street campaign then went on to use the rhino.

I'm in the midst of trying to find another logo for another division. The thing that lines up is that nothing lines up. It's the nonlinear bit, the bit that's not logical. If you understand what the label's about, you're in on the code.

In 1997, Ecko Enterprises was on the brink of collapse, staggering beneath $6.5 million in debt with sales of $16 million. Ecko could not get a line of credit. There seemed to be no other choice but to sell the company, but there were no buyers.

As a result, we started getting really crafty. Seth called Alan Finkelman, whose family owns Scope Imports [a clothing wholesaler] in Houston. Seth managed to convince Alan that they were somehow related. Alan said, "You know, these kids are young; there are things we can learn from them." He was intrigued by what we really are, which is a marketing company. He took 80 percent of the company and said he would negotiate down our debt, getting a million and a half paid off right away. He said, "I'll give you the option of buying the company back in two years." We had to cover the whole nut, the debt plus a buck. He hooked us up with his vendors and had Marci come to Hous-

"The Barry Bonds ball was such a loaded object. It was so rich in content. How could you not engage?"

WIREIMAGE

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ton. We didn't know what we were doing. Bar code machine? What's that? We used Alan's know-how and got to look under his hood. We looked at how he managed his margins, and Marci tried to do even better. Before then, I thought my core competency was to be creative with zero restraint. But if the market wants only one hoodie and not five, don't get all upset that you can't design the others. Instead of focusing on selling the company, we focused on running the company. We bought it back in 18 months.

As Finkelman astutely realized, Ecko wasn't selling T-shirts as much as it was selling a brand. Limited resources forced the company to market its wares creatively.

Being in need created a desperate market approach. You don't compete with dollars. How do you get people to feel something emotionally? We couldn't afford to go to the 1997 MAGIC show [for the menswear industry] in Las Vegas, but we had already paid for the booth. So we printed 25,000 bumper stickers, "Where's Ecko?" and sent out a street team with them. Music marketing at that time was doing a lot of that. We ended up doing more sales at that market, commando-style—twice the volume we did the year before—by not being there.

Everyone in my space would do fashion shows. I love them, but they're very indulgent. They cost on the cheap $150,000, and you can spend more than a million on 15 minutes. Your buyers appreciate it, but they won't buy more. The editorial community isn't going to change its mind. If I were getting their approbation, I might still be doing shows. It was one of the best things that happened that I wasn't getting that. Does my buying community really care? The gatekeepers aren't the goalkeepers.

In 2006, Ecko rented a 747 airliner, had it repainted on one side to resemble Air Force One, and brought in a film crew to capture him tagging it with the slogan "Still Free." Then he posted it on YouTube. For a time, a significant number of people thought Ecko had really breached security at Andrews Air Force Base and graffitied the President's plane.

This was YouTube pre-Google. The cynicism wasn't as deep as to, Is that real or false? Everything being put up there was do-it-yourself and had to be. You couldn't pull that off today. That was a unique window. The consumer with bandwidth at the time was young and savvy. It was post-9/11. Talk about a loaded object.

It cost $1 million to make, but it had a hard-news element we didn't expect. It became a part of the culture of the brand. I can't outdo Nike; I can't outfashion Ralph; I can't outsex Calvin. I'd much rather have a brand point of view that may make you scratch your head but is brand defining.

The next year, Ecko spent $752,467 to buy at auction the ball that Barry Bonds hit for his record-breaking 756th home run. Ecko set up a website allowing people to vote on what he should do with the ball: give it to the Hall of Fame in Cooperstown; send it to the Hall with an asterisk cut into it to acknowledge the controversy surrounding Bonds; or blast it into space. (The asterisk won.) Dominating the blogosphere and landing on newspaper front pages everywhere, the campaign garnered millions of dollars' worth of publicity and reinforced the edgy, youthful image of the brand.

The common thread between the Barry Bonds ball and Air Force One is they are both ridiculous ideas, so people would say, "Why would you do that?" I was prepared to pay whatever it cost. I thought it would go for more. The Bonds ball was such a loaded object. It was so rich in content. Baseball is the national game. Yet there is the hypocrisy in the baseball culture that helped build it to this level. And we needed to put a face on the mistakes, with Bonds and Mark McGwire and José Canseco. It was being debated on the Internet. I thought, Take this hard news and make it go *American Idol.* It was a social experiment. It was a little P.T. Barnum. You had that moment to bid on it. How could you not engage?

It was also a little of a liability. Some people were put off by it. But what does your brand stand for? Economically and culturally, we've been on steroids. Everything has a performance-enhancing substance built into the matrix. This wasn't about Barry as much as it was about the system. It's also getting people to see the way I think. From a marketing point of view, it's something I need to do more of.

In 2001, Marc Ecko Enterprises acquired Zoo York. Ecko was grossing about $80 million at the time; Zoo York, from $2 million to $4 million.

We had no business buying it at the time. It was a function of Seth and me believing in the skate and street ideas. We originally thought of a license, but then we thought we could double the volume internationally and let it grow organically. It was affordable and with guys we knew. As much as I was into graffiti and hip-hop, I was also into skateboarding and video games and BMX [off-road bike racing]. Your eyes don't lie. If something is cool and interesting, you shouldn't look down your nose at it because it makes you scratch your head.

"You can try to be indie, but you're cutting off your nose. Other people will come in and dilute your brand."

Up From the Street The Ecko store in the SoHo neighborhood in New York City. The company has 98 retail shops and plans more.

Ecko's fast growth has been fed by acquisitions (in 2004, it bought the outerwear maker Avirex) and licensing. Through licensing, the company has expanded into footwear (with Skechers), women's apparel (Ecko Red), and children's lines (under the Ecko Red and ecko unltd labels).

With licensing, it's all about clearly communicating your expectations. Do they understand your ambition and your brand? You can't guide them by saying, "No, don't do that." The more vigilant you are, the worse licenser you are. There are certain competencies in one industry that don't carry over. In footwear, the philosophy in merchandising is so different. I went through three different licensing partners. My first footwear licensee, I kept arguing because I didn't understand the differences.

As good as the merchandise is, you need to have a killer at the licensee driving it, someone who refuses to fail. I had good designers at the two footwear licensees before Skechers. It's more about the fact that Robert Greenberg, the owner of Skechers, gives a damn about the brand.

Even in this depressed economy, Marc Ecko Enterprises continues (at a reduced pace) to open its own retail shops.

It's a way to control your own destiny. In a typical wholesale model, you have to go very broad. With your own shops, you can test things. You don't have to fight for shelf space. And I think it makes you a better wholesaler, more empathetic to the retailer's needs. We also make a better marketing case and create a more romantic context for the brand than you can in a big-box department store. You have to do more narrative-based things with the product. In the stores, we could have the *Star Wars* line, which did much more than a billboard could have done. And it's product. You have to operate the brand from the inside out.

This spring, Rutgers University will grant Ecko an honorary degree. A few months later, Ecko will inaugurate his newest line, Marc Ecko Rx, an Italian-made men's-apparel collection that will be his most upscale yet, continuing a path he started in 2004 with Marc Ecko Cut & Sew. Among its distinctive details: buttons that look like pharmaceutical pills.

It's how I launched Cut & Sew. Yes, there's a business plan for it. But it's not like in this market you want to launch something that's $50 million out of the gate. I want it to get to a critical mass and see where there is a sweet spot that I can take it and monetize it into other areas. You can test things in your own stores or launch things there with less liability. What Rx will do from the real unsexy, business, blocking and tackling standpoint is it will sharpen our blades for the international commercialization of the Marc Ecko brand. Right now, we don't import denim from Turkey or knitwear from Italy. I can learn from that experience. I don't have product that is Italian made, and Rx is entirely Italian made. Brazil, Russia, India, China—all those markets are getting better. As these markets converge, can I take the lessons here and apply them over there?

Ecko believes that a large company can retain its edginess. In 2002, he began publishing the bimonthly Complex, *a merchandise-oriented magazine aimed at young men, as part of his strategy.*

As big as we are and as much press as we get, we're still not a tenth the size of Nike. Nike sells white sneakers to Sears and Bob's Shoes—how do they get the young hipsters to still love the brand? There's a vortex that surrounds you. You can try to be indie, but you're cutting off your nose. Other people will come in and dilute your brand. If you're going to be big, be big—but don't be on the sidelines. We created *Complex*, the biggest men's streetwear magazine in America, and we're showcasing other people's brands in it.

My story now is bigger. The story can't just be about the countercultural thing when I was 19 years old. That's not what you want your legacy to be. I employ a lot of people, a lot of young people who are really talented and are learning things that they can later apply elsewhere. Would I appeal to a 16-year-old hard-core blogger? No, and that's not the lane I want to be in. It's amazing how small the world is and what my brand means when I'm in Beijing or Shanghai. Everything is real time. I see who's posting on my blog, and a lot of it is coming from overseas. As you get older, you learn to be less emotional and let younger people around you do more. I try not to overthink it. No one's that clairvoyant.

Arthur Lubow is a New York–based writer. For the July 2008 issue, he wrote "The Do-Over," about Randall Grahm and Bonny Doon Vineyard.

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