

# The Making of

Under CEO **SCOTT BAXTER**, innovation is driving the ascent of Lee and Wrangler.

## Kontoor Brands

**SCOTT BAXTER** wore suits for the first half of his career before trading his coat and tie for jeans and a denim shirt.

After graduating from college with a degree in history, Baxter passed up a job offer from the US Secret Service for a corporate job at Nestlé. For the next 20 years, Baxter worked his way up through the ranks of Nestlé, PepsiCo and Home Depot until finally switching lanes to the apparel industry, where he's currently the Chairman and CEO of Kontoor Brands, the parent company of Lee and Wrangler.

Baxter's rise through the apparel industry started with a stint as a top executive of VF Corporation, where he ran Jeanswear among other businesses. When VF decided to spin off Lee and Wrangler under the new corporate structure of Kontoor Brands in 2019, Baxter bet on the future of denim. Over the past four years, Baxter has proven that those two brands remain more popular than many on Wall Street had initially realized. He's also proven that the opportunity exists to extend both brands into new



markets such as Nordstrom, while also introducing new products such as the All-Terrain Gear shirt he wore during a recent interview with Brunswick Senior Partner Jayne Rosefield.

“The global team at Kontoor has a lot of grit and determination. It forms the strong foundation for the Lee and Wrangler brands. I knew with the right investment and growth strategy, we could make Kontoor a company that people are proud to work for,” Baxter said.

The CEO doesn’t just lead Wrangler and Lee from the C-suite, he also evangelizes for the brands when he goes out on the town.

“When I’m out on the weekend, or at night, I’ll wear a Wrangler ball cap, and maybe a Lee hoodie or t-shirt,” Baxter said. “When people tell me that they like something I’m wearing, I take it off and give it to them. It shocks people, but 99% of the time, they take it.”

**The spinoff occurred less than a year before the arrival of COVID. How did this new company and its new CEO manage to achieve so much during the pandemic?**

We went into the pandemic with a bit too much debt, which was typical in the sense that spun-off companies tend to get saddled with a lot of debt.

When COVID struck, that was scary. Our biggest customers weren’t even open. The world shut down for 30 days, but we acted fast.

We took decisive actions with a focus on the health and well-being of our employees. And we intensified our approach to managing our day-to-day business activities. We eventually cut our dividend. We stopped hiring. We slowed spending.

Our biggest customers—Walmart, Amazon, Target—were deemed essential retailers, and they reopened. Meanwhile, a lot of our competitors sold mostly to department stores deemed non-essential. This, coupled with our fast action to control costs, helped us greatly throughout the pandemic. Our products were sitting in essential accounts and were relied on by many consumers working in jobs that were deemed essential from the very beginning of the pandemic.

I’m proud of how our team came together to navigate through this challenging time. We executed with precision to emerge as a stronger company.

**During the pandemic you extended your reach into higher-end stores like Nordstrom.**

For years before the spinoff, Wrangler and Lee were underdeveloped brands at VF, just as there

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are underdeveloped brands at many Fortune 500 companies. The two brands hadn’t innovated in many years and had started to lose their cool factor.

Still, despite taking a backseat to other brands under the VF umbrella, we were able to keep the lights on. So, we thought, “If we’re able to make money with such an underinvestment, there might be a real opportunity for these brands on their own.”

Many people doubted us. But we did it: We resurrected the brands. We put more money into advertising. We created new product—really innovative product that consumers responded well to. We took the brands to different channels. We started paying down debt.

For two-and-a-half years now, we’ve had a boutique group. We’ve created these collections where you can buy a pair of Wranglers for \$199, or really cool Lee overalls for \$139. That division sells to some of the best high-end boutiques, some of the best denim emporiums, places where we never had sold before, in cities like New York City, Chicago and Toronto.

You can find Lee and Wrangler in Nordstrom. You can find it in Urban Outfitters. You can find it in China. You can find it in Germany. We’ve built some really amazing stores of our own around the world.

We also built a store here in Greensboro where you’d think you were in Soho (New York City) or Lincoln Park (Chicago). The store provides Lee and Wrangler a unique opportunity to create a direct connection with our consumers in Greensboro, where our company’s origins are deeply rooted. It also provides a test-and-learn retail environment right here in our backyard, just a few blocks from Kontoor’s global headquarters.

Our people are wearing the product like never before. They are proud of what we are making and it shows. You walk down the halls of our office and you see people decked out in the latest from Lee and Wrangler.

**Following a spinoff, how do you go about developing a new culture?**

You do it by honoring the previous culture. VF has a magnanimous, loyalty-inspiring culture. We have many employees here, including my current administrative assistant, who were with the previous company for 40, 45 years. In that amount of time, a culture gets ingrained.

And while we had a strong culture to build upon, we faced an incredible number of obstacles in our first years as a stand-alone company. From COVID, to crippling supply chain challenges and



near-record inflation, these challenges presented a real opportunity for our team, an opportunity to come together and prove what a success we knew we could be. We had a good plan, a great team and a belief in the mission of Kontoor Brands. That has created a rock-solid foundation for the culture of our company.

One of the first decisions I made was to move the Lee brand here from Kansas, where it had been based since 1889. That was tough, but absolutely necessary. We didn’t need back-office functions in Kansas that we already had in Greensboro. And it really helped create this dynamic where the leaders of the Lee and Wrangler brands could better collaborate.

This company is a community within the community. Our employees are an important stakeholder, and so is our hometown, Greensboro, North Carolina. One of Greensboro’s nicknames is “Jeansboro,” which speaks to the rich history and heritage we have in the city. And the community has rallied around our company—there was and continues to be a genuine excitement around Kontoor in Greensboro and the opportunity in front of us, particularly as one of the largest publicly traded companies in Greensboro.

We are continuously looking for ways to support Greensboro and the surrounding area. And the momentum is starting to build. Greensboro sits between Raleigh and Charlotte, two of the most

**“Denim has a very bright future,” says Kontoor Brands CEO Scott Baxter. “It’s that one fabric that continues to evolve with time and over generations of consumers. Socially, denim is more acceptable than ever in the workplace.”**

fantastic growth stories you could ever imagine, and some of that investment is starting to arrive here.

**After the spin, Kontoor announced ambitious environmental and water conservation goals. Is the industry doing enough—is Kontoor doing enough—to mitigate harmful impacts to the environment?**

It never feels like enough. I have a 17-year-old at home. Sometimes, reading the news, I think, what kind of world are we leaving them?

At Kontoor, we believe it is imperative that we use our global scale for good. There are three significant opportunities for us to drive change: ensuring the well-being of all people across our value chain; using less water to make our products; and decreasing our carbon emissions.

We have recently won several awards for our focus on fresh-water savings under the Indigoood program. Through Indigoood, we are measuring water use and encouraging denim mills from Mexico to India to adopt tailored water-saving technologies to reduce their fresh water use by up to 90%. More than 30 of our partner mills have enlisted in the program.

It’s important to note that these mills also supply other global apparel brands, so the program is helping the entire industry reduce its dependence on fresh water use. Our hope is that Indigoood can help set a global standard for water savings validation, a process that is disparate across the industry.

Lainey Wilson



I'm proud of the work we are doing through Indigo and our pursuit of a future where jeans can be created using zero fresh water, not just for Kontoor but for the entire denim industry.

**Don't Lee and Wrangler exemplify the fact that durability is a form of sustainability?**

It's amazing how long a good piece of denim can last. Durability is a key feature of our products for both the Lee and Wrangler brands. We design products that look good, fit great and last a long time. Durability keeps products out of landfills and allows us to reimagine a product's lifecycle.

There's a growing appetite for vintage, which is helping to fuel a path to circularity. The principle of circularity allows us to reimagine the life of our products. First, through resale by giving jeans a second life similar to our Wrangler Reborn and the Lee Archives collections. Then, rebuild by disassembling jeans, jackets and shirts and re-designing them into new designs. And finally reuse—recycling garments and producing recycled fiber.

**What kind of future do you envision for denim, a product so strongly and nostalgically associated with the past?**

Our move into some non-denim products like outdoor clothing is purely a pursuit of opportunity. In no way is that a hedge against denim. Denim has a very bright future—it's that one fabric that continues

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to evolve with time and over generations of consumers. Socially, denim is more acceptable than ever in the workplace, more acceptable in fine restaurants.

The fabric itself also continues to change through innovation. We're making lighter, cooler, more breathable denim. When I say cooler, by the way, I mean physically cooler. In a fashion sense, denim has been cool for decades, and it always will be.

The *Wall Street Journal* recently ran a front-page story about *Yellowstone*-inspired fashion trends, and that article portrayed Wrangler as a major beneficiary.

Our products are all over *Yellowstone*. You could call that luck, but what it really proves is that the show is accurate and how authentic our brands are to the western culture. Wrangler and Lee are what cowboys wear. That has been true for a very long time. Lee dates back to 1889, Wrangler to 1947. Cowboys needed a really dependable jean when riding bulls and riding horses.

The heritage of our brands is so well known that viewers recognize the authenticity of *Yellowstone*, of what cowboys are wearing on the show. Everybody knows that Wrangler has been the brand of cowboys forever.

**Congratulations on your new brand ambassador, Lainey Wilson. It's hard to imagine a more ideal ambassador for the brand.**

She's the Country Music Awards' Female Vocalist of the Year. She's got a number one album. And she's a star on *Yellowstone*, one of the biggest shows on television.

A longtime fan of our product, she's from Oklahoma, one of our top markets. She is now our global ambassador for Wrangler women's.

Lainey Wilson really embodies the Wrangler female consumer. She is bold, lives her life to the fullest and is dedicated to the western lifestyle. Her star power combined with Wrangler's focus on growing the brand's female business is a winning combination and a great example of Wrangler stretching the brand in new directions.

In the four years since the spin, we've reinvented two iconic brands. Consumer passion for Lee and Wrangler jeans has elevated the brands in the hearts and minds of our consumers.

We couldn't be more excited about the future—and I couldn't be more proud of what our team has accomplished together. ♦

**JAYNE ROSEFIELD**, Senior Partner, leads Brunswick's Global Consumer Industries sector. She is also the Founding Partner and Head of Brunswick's Chicago office.