Michel Cohen

Lolita

“ I saw an opportunity to turn a struggling family business into a global apparel franchise. ”

COUNTRY	Uruguay
INDUSTRY	Consumer
EMPLOYEES	270
YEAR SELECTED	2002
PARTNER	Silvina Leibenberg
WEBSITE	www.lolita.com.uy

COMPANY SNAPSHOT

Michel Cohen has been immersed in the retail industry since he was a boy, growing up as mother Greta and aunt Lolita operated a tiny female clothing boutique in Punta del Este, Uruguay that they had opened together in 1960. Fueled by his entrepreneurial family background, impressive work ethics, highly ambitious goals and formal business experience, Michel has turned the tiny boutique into a global apparel retailer. **Lolita is now an international apparel brand that designs and sells female apparel in 17 countries across five continents.** Heralded as an entrepreneurial role model, Michel was featured on the cover of *AmericaEconomia* as a model for franchising and awarded the Excellence Prize for Internationalization in 2007.

Michel has demonstrated a strong entrepreneurial spirit since a young age: at age 6, he sold painted stones at the front door of his mother's boutique, and when he was 18 he earned US$10K selling Brazilian good-luck ribbons in retail stores in Montevideo. Although he was confident that he could succeed in any business, Michel felt attracted by the opportunity to transform his mother's small retail business into a global company. When in 1978 Michel persuaded his parents to invest in a larger store in Montevideo, despite his family's reluctance to take such high risk, he became Lolita's sales representative in charge of identifying business opportunities. Early on, Michel learned to develop people skills and had a knack for detecting customer needs by interacting with the boutique's clients and suppliers. Motivated by the prospect of making Lolita thrive, Michel managed his time efficiently, pursuing undergraduate studies in business administration at Montevideo's Catholic University while still taking on a leadership role within Lolita's management.

In 1986, when he was 25 years old, he took over the leadership of the company, and began identifying business opportunities to transform the Lolita brand into a local apparel leader. He began his quest by modifying Lolita's business model. In an effort to diversify its revenue sources from its signature apparel line, Michel traveled to Chile, Brazil and the US to import well-known clothing brands to offer within Lolita's stores in Montevideo and Punta del Este. As a wholesaler with license agreements to offer international brands like Chilean Moletto Socks and the US's Fruit of the Loom in Uruguay (as well as Paraguay), Lolita's share of the local apparel market rapidly increased. **His initial US$ 3,000 investment in Moletto socks soon yielded success, as the sock market was previously underserved in Uruguay – revenues from socks reached 35% of Lolita's total 1986 sales.**

In the early 1990s, Michel noticed a new trend: upper-middle class women in Uruguay were traveling abroad, mainly to Buenos Aires, the US and Europe in order to buy their finest clothing, unable to find them in Uruguay. Convinced that Lolita could offer such fine apparel, Michel visited major fashion shows, learned from the world's premiere fashion brands and visited manufacturing plants around the world. 1992 was a turning point in the life of Lolita, as Michel began to manufacture large amounts of its apparel in China, as did the world's most popular apparel brands (Banana Republic, Gap, etc.). **Manufacturing in China allowed Michel to reach economies of scale and increase profitability and product quality while still maintaining competitive pricing.** In order to strengthen his branding, Michel introduced to Lolita's clothing style the concept of the "one-world woman", conveying that the modern, upper-middle class woman, whether in Uruguay or anywhere else in the world, follows similar dress codes derived from global fashion trends. The result: store sales increased by 100%, giving Lolita number one market share against its competitors in Uruguay.

In 2002, faced with an economic crisis with Uruguay, Michel hedged his bets and decided to sell clothes abroad instead. Thus began Lolita's international franchise, almost by accident. Michel quickly discovered the ingenuity of tailoring franchise stores according to the local tastes and needs in each country, which was best achieved by letting franchisees pick the clothes they would put in their own stores according to the sizes and styles demanded by their customers.

Distinguished as classy yet informal, Lolita's "one-world woman" clothing style became its major asset. Today, Lolita has 70 stores in 19 countries cross Latin America, Europe, Asia and South Africa. **Currently working with the Fashion Institute of Technology in New York to plan Lolita's entrance into the North American marketplace, Lolita plans to become an even larger international player in its industry.**

ENDEAVOR AND LOLITA

Michel and Silvina have leveraged Endeavor's advice and transformed a troubled business into an international success story. The duo used Endeavor's G-Lab program to help franchise expansion support, while Endeavor's eMBA program brought key changes to management structure and product organization. Lolita further benefited from the Ernst & Young Fellows program and Entrepreneurship and Competitiveness in Latin America (ECLA) program. The team also attended Endeavor's Entrepreneur Summit, gained strategy advice and key introductions through the local VentureCorps, and learned best practices in the area of international expansion from peer networking with fellow Entrepreneurs.