

The Vera Bradley Story

3/24/2023

Delivered by: Franklin A Johnson

Good afternoon. Thank you to the Quest Committee for assigning me this topic as it was fun to research and to interview the two dynamic ladies behind the Vera Bradley success. While I learned a lot about their journey and the milestones along the way, I chose to focus on the character dynamics of Pat and Barb so we can appreciate their value against the odds of success during that period. I think that will speak volumes of Pat's and Barb's human capital and why that made Vera Bradley the success it became. I have created a continuous loop Power Point that displays some of their popular pattern creations as a backdrop to some telling photos and events and milestones along that journey. If anything visually matches the timing of my words today; it would be a chance happening. A handout on your table will note key milestones along the way and is provided since it is not likely readable to many on the PowerPoint slides. Finally, as a lead in, our very capable and versatile Susan Trent has agreed to assist me with your questions at the end because during a normal Quest meeting, I am challenged to hear questions asked by Questors and guests. Thank you, Susan.

So, what were the odds of two women creating what would end up as a public company in an era of male dominated business leadership with virtually all the elements for success being non-existent or non-evident? At that point in 1981, I would have to say, “slim to none”. I wouldn’t have bet anything beyond the check I wrote to Up Your Walls in 1981, that I would hear of Pat Miller and Barb Burns in the future.

Many of you know Pat and Barb far better than I and you likely have personal stories more exciting or interesting that I might be able to relate today, so save your antidotal comments for further enlightenment at the end. Barb is with us today and I am confident will find comments and corrections, and maybe both, at the end. Through my observation, the books, including Barbara’s, and the personal and individual interviews with Pat and Barb and former employees and news articles, you will hear my perspective of the Vera Bradley journey during an unlikely time with unlikely odds. The early 80’s was not a great time to be in business as a female, particularly with no evidence of formal business training or actual business experience. If you surveyed the local “movers and shakers” and the business clutches at the time, or business networking groups, you would have likely heard, “ these gals have created something attractive to a few other women, but, it likely will not last long. They don’t have a track record, besides

who would financially back them.” That was the unspoken sentiment and particularly the view of women’s role in the business landscape. So, considering that backdrop, one might query, “what were they thinking?”. To answer that, you have to understand their experience, their beliefs, their drive, their values which served as a collective compliment to each other’s makeup as individuals.

Pat Miller, who was born in central Illinois, in Farmington, Illinois, a town of 2000. Predominately Italian. The community’s first language was likely Italian, but, her parents wanted them to speak English as she grew up in the World War II period. One set of grandparents were farmers, while the other operated a small grocery store. Pat was well exposed to both and worked in both businesses. She spoke of the joy of interacting with the patrons of the grocery. She spent a lot of time helping, as girls were not involved in school athletics. That was for the guys. That is too bad because with Pat’s competitive spirit, I feel there would have been additional awards to mention. It was her working days with her grandparents where she professes more learning than she ever gained in college. Likely, from those experiences, the seeds found a fertile base, growing the values that added to the survival and success of Vera Bradley. We will talk more of this later.

Barbara grew up in Miami, Florida, although lived in many places before Fort Wayne, as her military father was victim of many re-postings. This constant relocating may have spawned her convergence with emotion and creativity that later served to fuel her success at Vera Bradley. She learned to use art to drive attitude in the intended direction for the best outcome. In her pre-Pat and Vera Bradley days, she used wallpapering the new living quarters, and there were many, to achieve an uplifting experience the new environment needed to bring emotional comfort. Barb was one of six children with a strong mother. She went on to attend an all-female college, Fairmount College. [Initially, Fairmount College was referred to as "Young Ladies' College," "Wichita Ladies College" and "Congregational Female College." Imagined as the "Vassar of the West" and nonsectarian in nature, Fairmount College would admit women twelve years and older who were "able to read, write, spell"]. She attributes that to also strengthening her resolve, in many ways, and helped with her gender indifference. In other words, in a college with all women, you could pretty much choose your direction, college leadership roles, etc. with no male classmates to tell you otherwise. Having said that, Barbara will quickly tell you, she is gender blind when assessing talent. "It's the person and their represented value". When asked the question, "was there any time along the way you thought of giving it

up?”, she quickly said “no” but gave pause to recount the time, some years ago, the pressure of the biggest decision of her life. It centered on the issue of her husband in business in Chicago and hers here in Fort Wayne and the divergent emotional introspection that followed for a resolve. History prevailed to see her stay in Fort Wayne while her husband remained in Chicago. Her husband was later diagnosed and plagued with Alzheimer’s. As a note, Barbara later moved him to IU Medical and, subsequently, endowed a chair in his name.

By the time Vera Bradley launched, Barb, the mother of four, saw her youngest off to college, whereas Pat still had three boys at home. By the way, Barb had four children in five years, which I find challenging and speaks to something that may be another element to her strong character. While discussing this period with Pat, she claims, “we were probably terrible parents and I had to teach each one of the boys to get dressed in front of the dryer”. If I had interviewed the boys, I am sure they would have supported, “we were better off for it”.

Before I get too far, I asked Pat the same question, “was there any time along the way you thought of giving it up?”, I got a resounding “no” and no further comment. I guess that speaks volumes.

Let's revisit the walls and barriers that may have been present when Pat & Barb discovered they had something that may have a demand out there. As most of us know, business develops successful links and connections that ultimately lead to progressive growth over time. Pat and Barb didn't have the readiness of an accepting business connection to help leverage their ideas. But, unlike a lot of men, they did have the grace and humbleness to ask for directions. And so they did. Pat particularly contends this actually worked wonders by stimulating a generous spirit of "may I help you". They both praise the early connection with SCORE and one gentleman, in particular. He was the retired CFO of Rae Magnet Wire, Gerald Cook, "a real treasure", according to Pat and Barb. Pat hit him with a lot, and she commented, "he never gave me a direct answer but instead answered with another question". Gerald was emphatic about one thing, "You have to use numbers!". Even before SCORE, Pat knew they had to sharpen their business skills. She worked the Library hard consulting what was available on "how to start a business". They both agreed that KISS was their calling. The soon alignment with Gerald furthered that philosophy, but, with specific pointers to the importance of these simple values.

How it kind of began. Barb and Pat became friends and soon shared some adventuresome interests to be productive at something. An early idea was to buy

expired wallpaper from a place in Columbus, Ohio, since they could get a double roll for \$1, then bring it back to Fort Wayne, and sell it for \$2 a roll, thus a 100% profit. You can kind of see how their common interest and ideas began fertilizing bigger business ideas. Inevitably, someone not only wanted the paper but wanted them to hang it too, thus, Up Your Walls. Getting the gist of fulfilling demand, they learned of a women's clothing that distributed by using individual that featured home trunk type viewings by invitation. Furthering the movement, they began the activity of making a few bags after their well-known story of a return flight from Florida, where they realized women needed a more emotionally fashionable luggage over the traditional and near universal black luggage at the time. So, they sought out and purchased Provence' fabric. With the idea to use the same concept of distribution, they arranged a showing and invited their friends and daughters while the husbands watched the Thanksgiving Football games. Introducing their own creations begged another issue of "what do we call it". Deciding that Wilma Polito, Pat's mother's name, might not have the greatest marketing ring, they decided Vera Bradley, Barb's mother, might have more marketing appeal, therefore, the advent of Vera Bradley. Well, these early beta test adventures proved to be a hit and helped usher in the future reality of Vera Bradley, the company.

Up Your Walls and former ventures soon got shadowed with the huge activity cutting fabric on the pool table in Barb's home. That, along with the \$250 they each borrowed from their husbands, launched a set of constant challenges that only their drive and great attitude allowed them to surmount. Space, better and more efficient methods of cutting the fabrics, oh, and "my goodness" sewers! All taken in stride and under that mantra of "let's have fun", they commandeered space in Taylor Martin Paper Company, Barb's Husband's building. Don't forget the fabric, so, where are we going to get what we think we need? This led the adventure to another funny story with Barb in the lead. She ventured to Manhattan to a fabric wholesaler named VIP while visiting her daughter, who was in school in NY. Somehow, she got past the screening at the front door and found herself in front of Emil Conte, explaining what she needed. When Barbara Burn, at the time, faced Emil's questions, she was sailing pretty well until he asked how many pieces do you need? Barb's answer, "as many as you can get", which brought pause to the conversation and he asked, "how did you get in here!". Well, Barb left with two things. One, an order of 250 yards, and secondly, a lifetime friendship. The future would unfold to see Vera Bradly as the largest customer for VIP.

Next, cutting the fabric. An idea baked into a real solution when they approached Harris Float Boat to consider cutting their fabric and also applying the batting. That may have been Pat's idea. They cut all 250 yards for these gals who seemed to need "a lot of help". Their decision making or their luck were starting to show some positive signs. "Oh my goodness, how are we going to get these duffels, sport bags and hand bags sewn together?". To their surprise, a newspaper ad in 1982, caused the phone to ring off the hook. Those independent sewers continued until a sewer couple approached and offered that they would do it under a company they would form, Sale Sewing Company. Their names were Mark and Cindy, but, for Barb's and Pat's zest for having fun around, they referred to them as Mork and Mindy.

Other mantras Barb and Pat shared in business:

- KISS
- Learn to say no
- You can have it all but not all at the same time
- Positivity
- Adaptability
- Laugh a lot (sense of humor)

- We are not into it for the money
- We love our children but they will not be involved in the business
- Empathy
- Keep The “f” in fun

Barb butchered the last one, however, while speaking to a large group, when she said, “You need to keep having f”in fun”. The crowd immediately caught the error and celebrated the levity of the moment.

I am sure some of you know of this funny story. Again, it was Barb, while speaking to an Asian group in Tokyo, with an interpreter to facilitate the language gap, Barb’s half slip dropped to the floor. She quickly stepped out of it and swung it around her head offering, “You gals didn’t know you were here for a strip show”!. Her immediate improv was an instant hit!

It strikes me that their honest vulnerability served to topple most of the hurtles before they had to leap in the wrong direction. Instead, that honest vulnerability flushed responses like “you gals need a lot of help and here is what I think I can offer”. Of course, their respective tenacity and drive allowed them to persevere when they hit one that would not move.

Speaking to their complimentary constructive creativity and how you profit from your mistakes, Pat commented on her mistake of ordering the wrong zipper. After stewing over this mistake, they decided to design an attaché' to accommodate the zipper, the result, it became one of their best-selling items. Pat says, "so a dumb mistake can turn into an opportunity!".

Another humorous moment and tainted with a little embarrassment, Barb was speaking to a group in New York with IU doctors in the audience. She went on to say "and we raised \$30 million, and we are going to raise \$150 million! "Bold, when the number was supposed to be \$50 million!" It made for a good hilarious moment, even in view of the comment, "you should have been scripted".

Barb continues to comment, on the time they were approached the first time by IU, asking for \$2 million to which she said "okay!", I think we can do that". After the meeting ended, Pat commented with stress in her voice, "How are we going to do that!". Barb's reply, "what are they going to do, send us to jail?". Their contributions to date are almost \$40 million.

Barb shares yet another humorous and interesting story along the Vera Bradley journey. While attending the New York Gift Show, a very plain, no make-up woman dressed in all black started talking to me and eventually asked if we could

do a pattern for the Tavern on the Green. Barb politely explained, she was tied up with the show but we could meet her in a couple of days. So, at Tavern on the Green, in two days she shows up to find that she had actually been talking to the owner, Kay LaRoy and not the gift shop manager. This forged another lifelong friendship with many parties at the Dakota, where Laroy lived, and the meeting of countless celebrities like Yoko Ono and others at the Dakota parties.

While both of these dear ladies said, “we have been privileged to work with so many great people”, wisdom would enlighten us to the reality that they had to also encounter a lot of not-so-great people along the way. Pat shared the time, likely earlier on, when they visited a bank to borrow \$2000. They left, looked at each other, and agreed they didn’t like that guy. As Pat puts it, “a real flatline!”. So they went back in and asked for another banker that they found they like a lot better and eventually stayed with that banker for a long time. Again, their attitude and the spirit to ‘turn an obstacle into an opportunity’.

The journey that these two dynamic ladies traveled highlighted some notable milestones along the way, and the timeline notes these significant accomplishments. When you think about each one, it is incredible. Personally, however, I find the time, the business culture of that period, and the barriers for

female entrepreneur success, to be an awesome and amazing success story. Let's understand the landscape, the business environment, the sentiments, the human capital, and the general business trends in the late 70's and early 80's and consider the odds of success, for these two women to persevere to the heights they have achieved today. Fort Wayne and Allen County was pretty much driven by the successful male dominate business leaders of the time. If they agreed, big things were done. If they had division in a particular issue, likely, it never took flight for long. I am sure most of the decisions that drove this community were sculpted by the all-male Wednesday Night dinners at the FWCC where the ideas were baked and crystallized. These unofficial leadership dinners remained strongly in the fabric of Fort Wayne's charted direction until the risk of leaving the Club with too many drinks became greater than the value of being there. Yet, they did so with a , normally not stated, feeling that women shouldn't be in business and particularly not entrepreneurs. Not only could they not vision a women with a leadership role in their own organizations, they didn't see it in general in Fort Wayne's strategic landscape. As reported in an article this month by the SBA, "In 1972, there were a little over 400,000 women-owned businesses in the United States. Until 1988, women needed a male relative to co-sign if they wanted to apply for a business loan. Things changed, by 2019, women-owned businesses represented 42%

of all U.S. businesses and generated \$1.9 trillion worth of revenue. Today, there are over 13 million women-owned businesses and counting. “ And so this month the *SBA celebrates women-owned businesses and their lasting impact on the economy.*

So, if the 70’s 80’s and 90’s was still burdened with this old sentiment, how would two gals with no formal business training or knowledge expect to get the help they needed to see a vision come to fruition? Probably one fact helped them in those days of Vera Bradley, they didn’t know what they needed! Barb, armed with a creative talent that moved emotions and the talent of forging new relationships, and Pat, with kids still at home, a teaching education and the experience of customer relations and small business working for her grandparents, were the known things they were bringing to the table to achieve this vision. While the male dominate business environment says “hum” the odds don’t look too good”.? But what they couldn’t see was the power in a unique creativity, both their skills in people relations, drive fueled by giving others a new experience rather than how much money are we going to make, and one huge underestimate that likely only their respective husbands knew, a bigger than life tenacious attitude that shadowed the barriers of the “women’s role” and allowed them to only see the value of a vision to be delivered for a meaningful purpose. They both said it best, “while we had some fear and trepidation of going in for help, money or other

resources in a male dominated arenas, we did so innocently putting our honest vision out there, and guess what?, so they came back with, “You gals really need some help”! So, that innocence and honesty did bring what we needed to the table for the successful accomplishment of our mission.

Many good things came from the Pat and Barb creations. Their annual show grew to 60,000+, and as they share, new relationships and friendships. Their humanitarian interest in Breast Cancer has been astounding, gaining national recognition. Pat’s role in public service touched Hoosiers in such a meaningful way. And, when you hear Barb’ comments of what Vera Bradley has done for humanity, she becomes excited. “We saved lives, we created new meaningful relationships and friendships, we made a difference.” She talks of suicides averted and the reasons why and has letters to prove it. She talks of how these purposeful emotionally uplifting patterns unfolded in someone’s life at the right time to redirect for a positive decision, and she has letters to prove it. And, after the interviews with both, I can summarize the sentiments of both, “We made a difference and did a good thing!”

I asked many questions in the interviews about the values and the human capital women will need along the way to a similar path of success. Both Pat and Barb

drove me back to the lessons so well stated and illustrated in Barb's book, "A Colorful Way of Living".

Caution males, as we heed Barb's comment, "Men were always trying to tell you how to do it better, but I took that as an advantage. I'd listen and decide if it was good advice or not."

They both agree on these three things:

1. Know what your weaknesses are and surround yourself with people who are strong in those areas.
2. Treat the janitor the same way you'd treat the CEO.
3. Sell yourself first, your business second and your product third.

"I don't think we stopped long enough to doubt ourselves, it grew so quickly. I equate it to being a parent. Where do you learn to be a mother? You get the baby and you're a mother. [The business] grows day by day. It's not like you wake up one day and it's a multi-million-dollar company. Every day orders come in and you manage it and it's a very simple story. And here we are \$500 million-a-year later and a public company," Barb said.

And so, we know more of the Vera Bradley Story.

References:

1. A COLORFUL WAY OF LIVING. Copyright© 2017 by Barbara Bradley Baekgaard. All rights reserved.

Printed in the United States of America. For information, address St. Martin's Press, 175 Fifth

Avenue, New York, N.Y. 10010.

www.stmartins.com Designed by Laura Klynstra

The Library of Congress Cataloging-in-Publication Data is available upon request.

ISBN 978-1-250-12191-2 (hardcover)

ISBN 978-1-250-12192-9 Ce-book)

MacmillanSpecialMarkets(@macmillan.com.

First Edition: April 2017

2. **MICHAEL S. MAURER** served as Indiana Secretary of Commerce under Governor Mitch Daniels. He is a regular columnist for the *Indianapolis Business Journal* and an irregular contributor to the *New York Times* crossword puzzle. He is author of *Water Colors: The Photographs of Michael S. Maurer*, a book of his underwater macro photography.
3. **CLAss1cannual2007**; EDITOR IN CHIEF Catherine Hill
4. Indiana UNIVERSITY ALUMNI ASSOCIATION
5. 2009 Pasadena Tournament of Roses Parade Program

6. *IU Medicine* is produced by the Indiana University School of Medicine Office of Gift Development to keep donors informed about the power of philanthropy.
7. Kappa Delta Sorority; Editor: Judy Thorne, 13033 Richmond Beach Road, N.W. Gig Harbor, WA 98332; E-Mail: KDEditor@kappadelta.org; FAX 253-857-0664
8. THE ANGELOS OF KAPPA DELTA (USPS 025- 680), OFFICIAL MAGAZINE OF THE SORORITY, IS PUBLISHED QUARTERLY BY KAPPA DELTA SORORITY, INC., 3205 PLAYERS LANE, MEM- PHIS, TN 38125. PERIODICAL POSTAGE PAID AT MEMPHIS, TENN., AND ADDITIONAL OFFICES.
9. The Congressional Club
The Congressional Club was founded in 1908 to provide a non-partisan setting for friendships among the spouses of members of the House and Senate in Washington, D.C. Although the scope of the Club and the breadth of its activities have increased over the years, its purpose remains the same.
10. Personal ZOOM interviews with Barbara Baekgaard and Patricia Miller
11. David Goodman, former Vera Bradley employee.