



Mary-Kate
& Ashley Olsen
Entertainers with fashion, media
and consumer product interests



Bill Dallas' candid case study
of a company transformed
by Dallas Capital

OVERVIEW

America fell in love with Mary-Kate and Ashley Olsen when the twins jointly played Michelle Tanner from 1987 to 1995 on the television program Full House. I have warm memories of the girls not simply from their TV escapades with the Tanner family of San Francisco but from their life with their real family, the Olsens of the San Fernando Valley. Their father, David Olsen, is my longtime colleague in the mortgage industry.

Mary-Kate and Ashley's popularity did not end with the final episode of Full House. They became the "Shirley Temples" of the 1990s with a delightful series of movies and media. The Olsen Twins emerged as a powerful brand, their images and endorsements gracing a wide array of products, including hot-selling kids merchandise and clothing at Walmart.

With the new millennium, Mary-Kate and Ashley grew into young women. This is the point when so many child stars collapse under poor choices in business and life. My good friend Dave was determined to protect to his beloved daughters from this all-too-common outcome.

Dave asked me to take the financial reins of the Olsen Twins' empire, to build lasting security and success for Mary-Kate and Ashley. As a financial adviser, a CEO and most importantly, as a dad, I proudly accepted the position with one condition. I would take no ownership positions and only a token management fee for this work. My decisions would be objective, my single goal to see Mary-Kate and Ashley transition to an adulthood of productive entrepreneurship and wise investment.

OPPORTUNITY...TRANSFORM A POWERFUL BRAND

By the early 2000s, Mary-Kate and Ashley had been building their brand for more than a decade. They had been among the first to tap the tween market, kids aged 6 to 12. Revenue poured in from licensed products: toys, jewelry, fragrances, personal electronics. Clothing dominated the mix, with Walmart aggressively marketing its Mary-Kate and Ashley line. Media was the crown jewel, the Olsen Twins' signature offering in the form of movies, video games, publications, broadcast appearances, and music.

In the end, Mary-Kate and Ashley were artists. And the artists were changing. The tween queens had become teens and were on the verge of adulthood. Their creativity now focused on fashion design. Their brand was strong, instantly recognizable and trusted. It was time to invest that brand equity in new offerings, new brands built on the Olsen Twins' megabrand. It made sense from a business

perspective, but most importantly, it was clearly needed from a personal point of view. Mary-Kate and Ashley had a new vision for themselves.

CHALLENGES

Mary-Kate and Ashley were the General Motors of the tween market. And like GM, their business operations had become bloated. Spending and payroll were out of control. Complicating matters, much of the deadwood comprised family and friends, one child-star syndrome that had taken hold with the Olsen Twins.

The girls' empire had a final similarity to the old GM: trading on the past at the expense of the future. The organization was enthralled with its "cash cows" per the classic BCG matrix, those enterprises throwing off money with seemingly little effort. GM had its fleet sales of same-old sedans to burnish the bottom line. The Olsen Twins had the Walmart deal and sales of evergreen videos. But the party doesn't last as markets change while bureaucracies and mindsets entrench. GM went bankrupt. That wasn't going to happen to these dear, talented girls on my watch.

WHAT WORKED...AND DIDN'T

Worked: New brands built on previous positioning

Mary-Kate and Ashley wanted to be fashion entrepreneurs, capitalizing on the eye and instincts developed during a lifetime in the entertainment industry. It was a natural progression from their positioning at the time. They were already known for clothing through their tween fashions. They were associated with creativity, fun and beauty. It is always a blessing—and ultimately a necessity—when passion equates with business logic.

This personal and professional transformation required what would appear to be a drastic act—ending the Walmart clothing line. The partnership with Bentonville was a branding and financial roadblock to the Olsen Twins' plans. The Walmart image did not jibe with the higher fashion they conceptualized. In terms of finances, a layer of managers were making a fortune off the tween products. An in-house design team dedicated to the Walmart line was a huge overhead expense. This cash cow was about to become an endangered species.

I led the wind down of the Walmart line, suppressing naysayers inside and outside the Olsen organization, and eliminating staff and real estate related to the venture. To the uninformed, it looked like a self-destruct move, yet another child star syndrome. But Mary-Kate and Ashley were convinced greater opportunities awaited. I knew they were right and gave them what they needed to realize their true potential.

In the past decade, Mary-Kate and Ashley have moved forward, building a fashion empire:

- The Row, luxury basics that complement other luxury brands. In an interview with Net-a-Porter, Mary-Kate and Ashley report that women are now seeking to wear The Row from “top to toe.”
- Elizabeth and James, “a New York lifestyle brand bridging the gap between designer and contemporary women’s fashion.” Mary-Kate and Ashley call New York City home these days, so they are definitely experts in its exciting lifestyle.
- StyleMint, a members-only site for apparel and jewelry, a joint venture with MySpace co-founder Josh Berman and entrepreneur Diego Berdakin.
- Olsenboye, juniors apparel and accessories sold exclusively at JC Penney. This brand shows that while they are the toasts of global fashion, Mary-Kate and Ashley remember their roots by creating affordable, stylish clothing for young people, available at a major retailer.

In 2008, Mary-Kate and Ashley published *Influence*, a collection of interviews with many of the fashion industry’s most prominent figures. In 2012, they won Womenswear Designer of the Year from the Council of Fashion Designers of America (CFDA), a well-deserved recognition of their imagination and hard work.

Worked: Restructuring Dualstar Entertainment Group

When the Olsen Twins were six years old, Dualstar Entertainment Group was founded to oversee their media and merchandise. Upon turning 18 in 2004, they became co-presidents of the company. As part of their branding shift to teens and women, Mary-Kate and Ashley introduced new fragrance and home décor products. At the same time, they didn’t forget the younger folks who loved them first. Their vast video collection remains a tween staple (including the tweens of the 1990s who will go down memory lane with their kids in the years to come.) I assembled a team of top legal, financial and entertainment industry specialists to craft a new distribution deal with TimeWarner while Mary-Kate and Ashley retained full ownership. One cash cow—the Walmart line—had to go, but this one—the video collection—could live on due to its profitability and nostalgic enhancement of the Olsen Twins’ current brands.

In the public’s mind, Mary-Kate and Ashley were inseparable, but as corporate presidents and independent adults, they now needed legal and financial distance. It required ownership structures that enabled them to separate personal financial assets with joint corporate assets and business interests. My team and

I restructured Dualstar Entertainment into several individual LLCs so Mary-Kate and Ashley could have separate assets. This is prudent practice in family-owned businesses.

Didn't Work: Security, Travel and Expenses

One of the major challenges with Mary-Kate and Ashley was managing the day-to-day issues associated with iconic stardom. It was a constant learning process for them as well as for Angel Robinson and me. Our goal was to help them understand the importance of living well within their means while creating a life full of meaning. I used my experience as a father to five children (only one girl) who were born into a life of considerable wealth and means. However, as celebrities, Mary-Kate and Ashley lived on a different scale.

From private schools to the purchase of their first car, keeping the American Express Black Card usage under a certain figure each month was a formidable challenge and the subject of many meetings. The expenses associated with their personal security detail, travel, and rent or homeownership was almost impossible to control and manage, another all-too-frequent discussion topic. As the girls blossomed into young ladies, the personal and financial risks grew exponentially. From dealing with Mary-Kate receiving a call from actor Heath Ledger before his tragic overdose to dodging the paparazzi just to get to work, protecting the Olsen Twins was no small task.

Didn't Work: Bi-Coastal Living and Going to College

The girls always wanted to pursue their college education from their early days at Campbell Hall in California. Their dreams became a reality when the Tisch School of the Arts at New York University (NYU) approved their application. Located in the heart of downtown New York City, Tisch offered an once-in-a-lifetime opportunity for Mary-Kate and Ashley to study what they had been doing most of their life: acting, performance, writing, film, television, photography and cinema studies. To make that happen, we had to find a safe place to live, off campus, to give the girls some semblance of a normal collegiate experience. In the end, that was not happening! People magazine and many pop-culture pundits featured articles such as "Legalized: Mary-Kate and Ashley Olsen Turned 18." Their dreams of attending college turned nightmarish. I wanted the Olsen Twins to have what I wanted for my own children: the opportunity to further their education, but more importantly, to enjoy the college experience. Mary-Kate and Ashley were never able to really enjoy it. Eventually, the girls discovered the Gallatin School of Individualized Study, a small interdisciplinary college within New York University, and attended classes there.

Didn't Work: Managing Other Celebrity Twins

During the 2000s, one of the hottest shows on television was *The Suite Life of Zack and Cody*, starring twin actors Dylan and Cole Sprouse. The comedy was about identical twins living at the Tipton Hotel with their single mother who is a lounge singer at the hotel. The Sprouse boys became one of the hottest tween acts in Hollywood. We were approached to manage the boys and mirror our success with the Olsen girls. Didn't work out! But, we learned an awful lot about the product differences between the boys and girls, buying habits, and brand extension that would serve us well later.

BIGGEST LESSON(S) LEARNED

Reinvention is essential in business. The Olsen Twins knew this and wanted to take control of their brand and their destiny. My job was to encourage them and facilitate their transformation through sound business and investment decisions. Any person or activity that stood in the way had to go. This may sound ruthless, but the marketplace makes the rules. Look at GM, Kodak, BlackBerry and any other toppled titan of business that didn't heed change. Unless Uncle Sam says otherwise, no company or individual is too big to fail.

WRAP-UP

In 2007, *Forbes* magazine ranked Mary-Kate and Ashley Olsen among the 20 wealthiest women in show business. This came toward the end of the major restructuring and career shift I directed for them. We held regular meetings throughout this period—weekly during the most critical times—to orchestrate the changes.

The sessions went beyond mere dollars and cents to discuss fundamental life choices. In talking with the Olsen Twins, I would always come back to my personal bedrock of “Faith, Family and Friends.” The young ladies listened and understood. The results speak for themselves. Mary-Kate and Ashley doubled their assets and emerged from the financial downturn of 2008 without a scratch, ensured by a timely move away from Bear Stearns. They are renowned fashion designers with new legions of fans. No child-star collapse for these two. Their legacy and wealth are well-protected. Their present and future as entrepreneurs is incredibly bright.

BILL'S TAKEAWAYS

Live by “Faith, Family and Friends,” but don’t let family and friends drag down your business if they are not adding value.

Elevate the master brand with new entrepreneurial opportunities that deliver the core brand promise to new customers.

Carefully structure family businesses to separate and protect personal assets.

Passion is not a dirty word in business. Step away from the spreadsheets and look to the heart.

Kill off cash cows in an orderly fashion when long-term strategy reveals them draining cash flow, talent and overall entrepreneurial energy.