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# Why Tiffany Just Added a Retail Rockstar to Its Board

*By Phil Wahba*

Tiffany & Co has added three new directors, including the widely admired Tory Burch co-CEO Roger Farah to its board to mollify activist investor Jana Partners and try to get the struggling jeweler back on track.

Barely 16 days after Tiffany ousted a CEO not even two years into the job, amid chronically disappointing sales results, the jeweler added Farah, the retail legend largely credited with turning Ralph Lauren into a global fashion powerhouse before leaving nearly three years ago for Burch. It also added Francesco Trapani, the ex-CEO of luxury retailer Bulgari, and James Lillie, a former CEO of consumer products company Jarden Corp. Tiffany increased its board to 13 directors from 10.

Even though it was not publicly known that Jana, famed for pushing underperforming companies to make executive changes or change their strategies, had taken a stake, investors liked the news of the fresh blood on the venerable jeweler's board: Tiffany shares shot up 2.5% to $88.37, their highest levels since August 2015.

"These three new directors are all accomplished executives with a broad range of relevant experience and skills that will benefit all shareholders as we focus on accelerating the execution of our core business strategies," said chairman and long time former CEO Michael Kowalski, who is back in the corner office on an interim basis.

Tiffany said in January that its sales during the November-December holiday period were "somewhat lower" than it had expected, hurt by lower consumer spending and a drop in sales at its flagship store in New York. The softness was a continuation of tepid results for several quarters. The chain has also been busy carrying out a perhaps overly ambitious international expansion and is extremely vulnerable to any pressure on tourism spending at its famed Fifth Avenue store in Manhattan as well as in cities worldwide.

For years Tiffany has tried address weaknesses in its business, but to little avail so far: a few years ago, it appointed a fashion designer to make its jewels more appealing to young shoppers, and it has struggled with poor sales of its relatively inexpensive offerings, silvery jewelry costing less than $500 but generating 25% of sales. It has also dealt with a number of top executive departures.

More recently, earlier this month, it signed on pop star Lady Gaga to appear in an advertisement during the Super Bowl. And last month, Tiffany hired Coach creative director Reed Krakoff as Chief Artistic Officer, a newly created position.

Jana, which has taken stakes in all sorts of companies, including retailers like Barnes & Noble and Walgreens Boots Alliance, apparently bought its Tiffany shares since Jan. 1 since its quarterly filing released last week showed no Tiffany holdings as of Dec. 31.

Reuters cited sources as saying the Jana stake in Tiffany was 5.1%, in line with its typical investment in a company. The company's action can vary dramatically: In some cases it makes an investment and holds it for a good amount of time, in others, it's in and out quickly. And sometimes it pushes for an overhaul of senior management and other times, it works with it, something that could explain Tiffany's decision to avoid a bruising battle with an activist investor.