

Gap, inc

[Business, Company](#)



Former CEO Paul Pressler was what the GAP, Inc. thought it wanted. GAP, Inc. thought Pressler could bring in the quick fix to the troubled company. He took over from GAP's former CEO, Millard Drexler, who was actually responsible for making GAP a global player in sales in 2000, a good chief merchant but not at managing a multifaceted business which resulted to his ouster. Whereas, the early signs were promising at the beginning of his tenure, Pressler's strategies did not work to bring in the sales and get over the slump, during his 4 year tenure.

IN his first 18 months with GAP , he responsible for the improvements that effectively helped boost GAP's stock by about 60%. Under Drexler's tenure, GAP, Inc. and Old Navy over-expanded resulting to debt ballooning to \$2 billion in 2001. During Pressler's tenure, he restored the company's credit rating to investment grade by bringing in his former Disney colleagues Chief Financial Officer Byron Pollitt, JR. He focused on reducing company debt and improving inventory controls. He instilled more financial discipline. To his credit, he was responsible for improving the company's balance sheet.

He closed down the under-performing stores. He oversaw the remodeling of stores to draw customers back thru Forth and Towne and Pipeline, but was just not enough. He was unable to pull GAP from slump in sales despite his strategies. Although he tried but to no avail, Pressler's strategies were not able to deliver to bring back the customers. Pressler's failure to deliver the goods was seen by financial analysts as due to his lacking in fashion sense. His lack of experience in apparel have raised eyebrows from the very start especially when he decided to lead the GAP division brand himself.

Gap actually posted a high risk of hiring him because he did not come from the apparel and fashion industry. He was a non-retailer. So many thought he was not right for the job. He was simply a talented man handed with the wrong mission. Although, Pressler's back end handling of the business was good, he was seen as “ Not A Product Person”. Unfortunately, product is the business' driving force. His shortcoming resulted to customer defection to other brands that offer more choices and or lower prices.

He focused too much on changing corporate culture which resulted to time wasted instead of using them to other crucial matters like creating and marketing. Many times he failed to referee when designers disagree with the merchants. When he wanted to cut costs and speed up the flow of merchandise to the store shelf from the drawing board, he remade the supply chain. He combined purchases of fabric from all the three company's brands that used to have separate suppliers. This resulted to big buying deals that yielded a monotony in quality, weave and weight.

Thus, all the three brands were limited to one kind of fabric that made it hard to offer different array of jeans. It also failed to excite the designers to keep their eyes open to other styles. Pressler's lacking in deep sense of retailing and merchandising is ineffective for the company's needs. He was seen as lacking in creativity. GAP used to be attuned with the American market tastes. It now has the tough task of finding the new CEO that has a deep sense of retailing and merchandising ideal for the apparel and truly understands the creative process.

As GAP struggles with its own merchandising and sales problems, they have hired investment bank Goldman Sachs to explore alternative strategies that they hope will revive the company's sales. Focus now is how to deliver strong returns to shareholders. GAP still has a relatively clear balance sheet and \$2.4 billion in cash which still makes it viable to go purchase stocks despite the sales slump, although the Fisher family still owns 33% of the stocks. CEO Paul Pressler's strategies may have worked well with his tenure at Disney but cannot be replicated at GAP, Inc. which is a totally different industry.