

## BUSINESS

# Jaya Apparel Group, Owner Of Cinq à Sept and Likely, Gets Strategic Investment From BVG

- The partnership will expand business opportunities, fuel sales growth and foster global expansion efforts for Jaya.

BY LISA LOCKWOOD

**Jaya Apparel Group**, whose brands are Cinq à Sept and Likely, has received a strategic investment from Brand Velocity Group, a private equity firm that last year launched a fashion and apparel industry vertical with Gary Wassner.

With the new investment, BVG looks to fuel Jaya's next stage of growth, in which it aims to expand the brands' global reach and distribution, open new brick-and-mortar stores and ramp up its marketing efforts.

Established in 2009 by industry veterans Jane Siskin and Jalal El Basri, Jaya quickly became a leader in the contemporary fashion space. The Cinq à Sept contemporary brand, launched in 2016, is reported to be generating \$100 million through its wholesale business, freestanding store and e-commerce operation.

Having previously built successful labels such as Elizabeth and James, Jaya later transitioned to focus on its owned brand strategy under the Cinq à Sept and Likely labels.

Jaya represents the first fashion acquisition under the new fashion and apparel industry vertical for BVG, whose portfolio includes BBQ Guys, Score Sports, Original Footwear and Magma.

Jaya's brands are sold at more than 400 points of distribution worldwide, in addition to its e-commerce site. Cinq à Sept recently launched a beachwear line called À la Plage and has a casual denim line, Tous Les Jours. Its Likely brand is an occasion dress line. Cinq à Sept has one freestanding store in SoHo, which it opened in April. Its wholesale accounts include Saks Fifth Avenue, Neiman Marcus, Bloomingdale's, Nordstrom and Bergdorf Goodman, along with numerous specialty stores such as Tootsie's in Houston and A Line Boutique in Denver.

"This is a monumental moment for our company," said Siskin, Jaya's co-chief executive officer. "I am so proud of what we have built at Jaya. Just this year alone, we celebrated major milestones with our first-ever store in SoHo, expansion into the beachwear category, and as of today, our partnership with BVG. Together we are excited to strategically grow our presence on a global scale."

El Basri, Jaya's co-CEO, added, "We are confident that we've found the right team to fuel the next phase of growth for our brands, and are eager to see what we can do together."

Wassner, who is also CEO of Hildun Corp., has provided financing and strategic support for many leading brands. Through another investment fund, InterLuxe Holdings, which is no longer making new investments, Wassner continues to have an investment in Mackage and ALC.

"Jaya is one of the most thrilling companies I've had the pleasure of getting to know over the last decade," said Wassner. "The company covers every base, from product to fit, consistency to quality, strong core components and exceptional management, while always providing its consumer with something new and exciting. I look forward to our



Cinq à Sept's SoHo store.

new partnership and helping them take the company to the next level."

Steve Lebowitz, founding partner at BVG, said, "Our partnership with Jaya marks a great milestone for BVG as we build out our fashion and apparel vertical with an exceptional group of entrepreneurs and visionaries."

As part of its Share the Gains program, BVG dedicates 10 percent of its total carried interest pool and management fees (its primary means of compensation as investment managers) in every investment to the employees. This ensures that all employees of portfolio companies have skin in the game and share in the success in the firm's united efforts. Cinq à Sept has about 80 to 90 employees.

In discussing the reasons why they set their sights on Jaya, Wassner said, "Let's begin with product. The product sits right in the sweet spot of contemporary – it's not too high and not too low, and there's real price-value ratio to the consumer that makes sense to the consumer there. The quality is superb and the sell-throughs at retail are extraordinary. This is a brand that's been under the radar, and it has built a following that is loyal and is growing every season."

Second, he said, BVG was attracted to the management of Jaya. "Jane and Jalal are the two founders and managers, and they're about the best in the business. I've known Jane for so many years and have always been impressed. Getting to know them and understand their process from the very beginning stages of the collection to their distribution to the stores, etc., it's efficient, it's commercial, it combines everything. They're just very strong."

When asked how involved BVG will be in operations and management, Wassner said, "I'm going to be as involved as they want us to be. Part of this decision for us to invest was because they wanted partners in certain areas to help the expansion and growth in the company. As much as they want, we'll be there."

"Management still runs the company," added Lebowitz. "We don't want to be meddling. Sometimes private equity can be heavy-handed. We see ourselves as bringing a lot of resources to the table that management can draw upon. I think there's a lot of knowledge and guidance we can provide, which doesn't entail being there and doing work within the company. More of a board level and an executive team level." Both Wassner and Lebowitz are joining the Jaya board.

Lebowitz declined to reveal the exact

size of the investment. "It's a significant investment," he said. "The areas where we feel we can be particularly helpful is Gary's network and the contacts for the business to expand, and on the marketing front, our firm has a lot of expertise in marketing... Everything is on the table. We're not going to spend money willy nilly."

Wassner said he envisions the brand opening more stores domestically, as well as internationally. "It's a great way to control your brand and to project the image that you want to project. It's also a great way to test product and introduce accessories and other adjacencies."

As for which additional categories they could pursue, Wassner said, "It's the kind of brand that could add almost anything in the ready-to-wear and accessories areas – eyewear, shoes, bags, fragrance. There's a lot that we're talking about, and we want to do what makes sense for the DNA of the brand. It will take us all a lot of time and brainstorming, but there's a tremendous amount of opportunity there."

Lebowitz said Jaya was not just seeking an investor, but a certain type of investor. He said they're very committed to the future and growing the brand and wanted a partner who could be value-added and pleasant to work with. He noted that Siskin and El Basri, who are equal partners, sold equivalent amounts.

Turning to whether the plan is to go public some day, Lebowitz said, "We look at investments typically from a three- to



A fall look from Cinq à Sept.



Jane Siskin

five-year horizon. Usually, you sell the company or a stake in the company. Going public isn't usually what happens."

Wassner said that Cinq à Sept has a thriving direct-to-consumer business, but they all feel they can do much more with it. "We want to focus on marketing; they have not really attempted to market the brand in any significant way. It's just growing organically and it's growing phenomenally. We feel the right marketing and the right campaigning on behalf of the brand will make a significantly huge difference."

In general, Wassner explained BVG's parameters for making an investment. "We want a profitable brand. We're not looking to resurrect a heritage brand that's falling out of favor. We're looking for something with real excitement that's generating new business and growing fast and opportunities we can help with." He said they're looking at brands in the neighborhood of \$100 million in sales.

Siskin said the timing was right to take on an investor and get some additional financial help. "Because we've had such incredible growth, such consistent, good growth, we just think we can take this brand to the moon. We know with the right strategic partner, it will be a little bit more seamless and a little bit easier than trying to do it ourselves."

She said they were searching around for an investor and had spoken to a few people, and BVG came into the conversation. She said their philosophy is to "let them do what they do well; when we need them to help, they'll be there."

As far as growth opportunities, Siskin agreed that she'd like to see worldwide distribution, retail expansion, and additional categories. She said they've talked about beauty, fragrance, intimates, even home. "How the brand is defined very clearly points us in those kind of directions," she said.

Siskin called El Basri "the greatest partner ever." He runs operations, finance, production and the inner workings in the business, while Siskin handles design, sales and merchandising.

Could they eventually acquire other brands?

"Nothing's off the table. We certainly have, I think, one of the best infrastructures in the industry. We have a great supply chain, and we have an unbelievable team when it comes to product development, sourcing and production. Right now we're very focused on growing the brands we have. As I said, the future is wide open," said Siskin.

Cinq à Sept does most of its manufacturing in China, along with Turkey and India, and is working on expanding into other countries as well. The brand is making its knitwear in Peru.

She said the new SoHo store is doing well. "SoHo is an interesting place traffic-wise. We're getting tremendous reaction to the product, we have a really good sales team, and week over week, [it's doing] better and better," she said. She said they're interested in opening stores in Nashville, Charlotte or Palm Beach and are talking about L.A.