
Hubert long wing blucher, $195

PUT A SHOE ON IT

Jack Erwin figured out how to take footwear directly to consumers. By Kyle Stock

Three years ago, Ariel Nelson was working in food and beverage distribution, and Lane Gerson was gutting it out in the finance department at a 3D printing company. The friends were pushing 30 and trying to spruce up their wardrobes for the stream of weddings they were scheduled to attend. That was when they saw it: the gaping hole in the market between the $100 pair of oxfords at Aldo and the $350-and-up monk straps at Allen Edmonds. “I would go shoe shopping and know exactly what I wanted in terms of style, color, and price, but I could only ever get two of the three,” Nelson says.

At the time, “cut out the middleman” were magic words for e-commerce startups. The strategy had worked for razor blades, eyeglasses, mattresses, and dress shirts—why should fancy footwear be any different? The friends started Jack Erwin based on what seemed like a simple premise: Design a $500 pair of men’s dress shoes, make them for $100, and sell them online for $200.

Turns out, the shoe business is very, very complicated. Making a high-end dress shoe requires about 100 separate processes, each far more intricate than stitching up a pants leg. Then there’s overhead: To make a pair of shoes you need a last, a foot-shaped mold used to shape the leather. Carved and sanded by hand, a last can take weeks of costly trial and error to perfect, and each model of shoe needs its own. On top of all that, fit is trickier with footwear than with apparel; 30 percent to 40 percent of customers typically return what they buy.

Fortunately, the footwear novices had a veteran to help them through this process. In August 2012, Nelson overheard then-Saks Fifth Avenue brands director Bertrand Guillaume griping in a Manhattan barber shop about having to source a shoe line for the department store. He said he was tired of dealing with agents and distributors instead of designers and craftsmen, Nelson recalls. Six months later, Guillaume was in Spain overseeing a factory and a handful of suppliers as Jack Erwin’s new head of product.

To finance their first production order of 2,500 pairs, Nelson and Gerson cobbled together $275,000 from friends and family. The shoes sold out within two months of their October 2013 debut. Ten weeks later, they had a waiting list of 4,500.

As orders stacked up, Nelson and Gerson dug deeper into their supply chain and found more middlemen to cut: the leather distributors, the shoelace guy, the companies that source the eyelets and thread. Once they started doing it all themselves, quality improved, margins went up, and the company’s return rate is now “well under” 30 percent, Gerson says.

As Jack Erwin’s profile rose in the industry, similar companies began to emerge, each with a different twist on the business model. Beckett Simonon, based in Colombia, is focused on the men’s shoe market in Mexico and Brazil. Awl & Sundry lets customers mix and match materials for a customized shoe. Paul Evans manufactures its shoes in the same Italian factories that make footwear for Gucci and Salvatore Ferragamo. With prices from $300 to $400 a pair, Paul Evans is at the more expensive end. Many sell their shoes for about $200.

With 23 full-time employees, Jack Erwin is the largest of the shoe startups. In September 2014, the company closed a $9 million round of funding led by Caleres, then called Brown Shoe, the company behind Famous Footwear and Dr. Scholl’s. Jack Erwin then opened a 400-square-foot retail store on a sleepy block in Manhattan’s Tribeca neighborhood. In late November, it added a pop-up shop in Midtown Manhattan, which will be open until March.

Although they won’t share financial details, Nelson and Gerson say sales have tripled both years. “We always said we’d like to do $100 million a year after five years,” Nelson says. “So far, we’re right on track.” B

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