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Mei Xu
PRESIDENT
Chesapeake Bay Candle

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high heels

Two sisters pave the
way in business and
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sales force
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Get to know Baltimore's
top female business leaders



burning
passion

A \$70 million candle empire
fires up Maryland manufacturing



Burning passion

How Mei Xu built a \$70 million candle empire

Mei Xu
PRESIDENT
Chesapeake Bay Candle

By Christianna McCausland
Photography by Bryan Burris
Product photography courtesy of Chesapeake Bay Candle





As a young woman

living in post-Richard Nixon era China, Mei Xu did not intend to become the head of a privately held American candle empire worth roughly \$70 million. Yet today she is the president of Chesapeake Bay Candle, one of the most popular candle brands in the country, and her wares fill the shelves of mega retailers like Target, Kohl's and Bed Bath & Beyond. She even worked with First Lady Michelle Obama to design a candle for The White House in 2009.

Though the trajectory of her business and life story has seen interesting twists and turns, Xu remains consistent in her global outlook, her love of great design and her passionate drive.

bright BEGINNINGS

Xu grew up Hangzhou, China, south of Shanghai, in the late '70s and early '80s, a time of reform that followed Nixon's "opening" of the country. As China grappled with its new global identity, it rushed to develop English-speaking diplomats. At age 12, Mei Xu (who pronounces her name "May She") was sent to a boarding school for six years, where she participated in an English language and culture immersion program taught by Canadian, American, Australian and British instructors. She went on to the Beijing Foreign Studies University where her sociology professor, who was visiting from Dartmouth College, recognized her superb English skills and connected her with a job as a translator for the China office of The World Bank. She ultimately did project management for them while attending university.

"I really liked that global community, working with people in different regions, communicating ideas and technologies," she recalls. A career in international communications seemed imminent until her graduation year, 1989, when the protests erupted in Tiananmen Square.

"Anyone who graduated that year had no choices. The government assigned them to work in factories, warehouses, in the countryside, so they could get a second education," she remembers. "I was sent to work in a northern city called Dalian to work in a warehouse."

"I always feel you use the best talent or the best resources to get your job done."

Xu's boyfriend David Wang (who would become her husband) was in Beijing. Her family was in the south. The highlight of her day was checking off the arrival of delivery trucks on a clipboard. After one month, she resigned.

"At that time in China, that was almost suicidal," she states. She would never again work in the government or in diplomatic circles. Her best option was to pursue a desire she'd always harbored, which was to go to the United States. It took over a year to beg, borrow and buy her way out of China, but in 1991 she arrived in Maryland, where she studied journalism at the state university. She picked the area on purpose as she wanted to be close to Washington, DC, and its international community.

Xu didn't plan to practice print or broadcast journalism — her passion was always for mass communications on an international stage. Unfortunately, places like The World Bank and IMF were in hiring freezes, and the public relations agencies in the region were more about political public affairs. "It's hard to find a job when you are not a U.S. citizen, when you don't have a green card, when you are just on a student visa," she says.

Luckily, someone saw the advantage of her combination of language and communications prowess. The U.S.-China Business Council helped her to a position with the U.S. China Industrial Exchange in New York City. At this point, she and Wang were married (they wed before leaving China). Once again, Xu was displaced from loved ones, commuting between Manhattan and Washington, DC, where Wang was working as an engineer.

"They put me in a hotel on 72nd Street and Broadway, which is very close to Bloomingdale's," she recalls. "That's where the danger starts. I'd do a lot of window shopping after my work finished."

Perusing the high-end store, she noted the disparity between the clean lines and modernity of emerging fashion designers like Donna Karan and Calvin Klein and the outdated, mundane florals that dominated the home décor department. "I continually talked to my husband about this and said, 'I don't understand — if people dress certain ways, why wouldn't their home look certain ways to reflect their taste?'" she says. "My husband said, 'You've talked about this a lot. Why don't we start a business in the home area?'"

THE SCENT OF SUCCESS

Five things you didn't know about Mei Xu, president of Chesapeake Bay Candle

Under the Radar: Chesapeake Bay Candle manufactures private-label candles for big box retailers Target, Kohl's and Bed Bath & Beyond.

Breaking the Mold: Xu made her first candle using a Campbell's Soup can as a mold.

Well Spoken: While in China, Xu's superb English skills landed her a job as a translator for the China office of The World Bank.

Made in America: In addition to its two plants in Vietnam, Chesapeake Bay Candle recently opened a plant in Glen Burnie, MD.

Personal Pick: Xu's favorite candle scent is bamboo eucalyptus.



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light IT UP

Never ones to do something halfway, both Xu and Wang quit their jobs in the spring of 1994 to devote their time to a business that was yet to be identified. The couple contacted old friends in China who had parlayed their international studies degrees into foreign trade. They sent the pair silk flowers, dolls, all sorts of fashion items. And a small glowing globe of a candle.

"We drove to our first trade show in a tented minivan," she recalls. The event was a small, regional show in North Carolina for mom-and-pop shops where Xu and Wang put their items on display. "We got \$90,000 orders worth of business, and the majority were for that candle," says Xu.

Just like that, Xu and Wang were in business, but Xu identified a snag in the business model right away. "People bought that candle as a gift," she says. "I wanted a product that carried itself year round."

Xu wanted a fragrance candle, but fine fragrances and colors were not to be found in China. They were, however, in New Jersey at the Englewood offices of French Color & Fragrance Co., Inc. Owner Peter French can still recall that initial visit when Xu came to his business with Richard Zhu, an old friend and Xu's first employee. (He's still with the company today.)

"I spent an afternoon explaining, and we went to the lab and made some things and I showed her how to use the fragrances and put the wick in and color them. She and Richard sat there all afternoon," French recalls. Despite their enthusiasm, "I never imagined I'd see them again," says French with a laugh.

In fact, Xu returned to her home near Annapolis and, in one of those stories that becomes entrepreneurial lore, made her first candle using a Campbell's Soup can as a mold.

"If people dress certain ways, why wouldn't their home look certain ways to reflect their taste?"

Once again, she sought resources in China, but there was no manufacturing establishment for fragranced candles. Instead, her sister and brother-in-law quit their jobs (risk-taking obviously runs in the family) and built a factory in Xu's hometown.

French explains that both color and fragrance are areas of niche expertise that require a lot of technical know-how to get right. Xu never scrimped on quality, even if it meant creating a business model that most people looked at askance. She used fragrance and color sourced from French (and eventually other suppliers) and shipped them to China where they were added to the candles at her sister's factory. The final product was sent back to America.

"People look at me like I'm crazy... Maybe I was naïve," says Xu, "but I always feel you use the best talent or the best resources to get your job done."

Wang exercised his engineering muscles by taking on the role of strategic planner for the business, which the couple named Chesapeake Bay Candle in honor of the beautiful body of water that surrounded their home. The business began under strict financial controls and has remained true to that philosophy ever since.

"We have a very proud history of being self-reliant," says Xu, noting that all their factories, including two in Vietnam and one in Glen Burnie, MD, have been self-financed. Not being leveraged allows the company to be less susceptible to market whims and to keep a better rein on profit margins. "We're also harsh in evaluating whom we choose to work with," she continues. "We'll make sure they are credit-worthy; we insure all our receivables. Or they pay us in advance. There are very strong financial disciplines that have been applied from day one."



In addition to Chesapeake Bay Candle, Xu owns Blissliving Home, a home decor line manufactured out of the candle company's former China plant.

big box CANDLE

It's hard to imagine now, when scented candles are ubiquitous, but in the early '90s when Xu started her company, the majority of candles on the market were the jar style that focused almost entirely on scent. Xu wanted her candles to be about home décor, about a lifestyle. She wanted people to buy her candles at a reasonable enough price point that they could use a new one in each season to update the home, the way some might change up throw pillows. Although she focused on groundbreaking colors and unique fragrance pairings like vanilla lavender and cilantro lime, she stumbled into what became one of her trademarks.

"Everyone was looking for something groundbreaking. [We were successful] for the color story, for the fragrance pairing, but mostly because of the texture," she says.

WAXING PHILANTHROPIC

A special line of candles for Susan G. Komen

In addition to her work with the U.S. State Department on initiatives such as the Partnership for Global Development and the Diplomats, Leaders and the Next Generation of Women Leaders project, Mei Xu is putting her candle manufacturing expertise toward other worthy causes.

"My personal [philanthropy] focus has always been women, related to worldwide poverty, children and education," says Xu.

In 2010, Chesapeake Bay Candle created a special line of products for Susan G. Komen for the Cure. The candles were available in jars or in beautifully packaged pink boxes. One dollar of the candle's retail price went to Komen, with a minimum commitment of \$100,000.

"When Mei reached out, we were ecstatic," says Margo K. Lucero, vice president of business development and partnerships at Komen. "Candles are a way to relax and calm oneself. They go with everything we want to encourage: hope, courage, imagination, inspiration."

Both the timetable and financial size of the commitment took Komen aback.

"Mei wanted to do a three-month program, which is, honestly, out of the norm for a new program," says Lucero. "[Xu] really wanted to embrace Komen and the breast cancer cause. Most people come to us and say, 'We want to use your logo to sell product,' and while we understand that's a goal of most organizations, we found it refreshing to deal with someone like Mei who didn't just want to use Komen's name to sell more product. She really wants to make a difference, not only to her company but to Komen."





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"That was actually by accident. You were supposed to put a chemical in to blend the fragrance oil and color together with the wax." Xu forgot this step and produced a candle with a lovely, snowflake texture. Chesapeake Bay Candle now has over 150 textures in its repertoire.

A cold call in 1995 got her in front of the store that began it all – Bloomingdale's. A company representative adored the candles' vibrant colors. Nordstrom and Bed Bath & Beyond followed suit. Business was doubling every year, and the company was looking at \$5 million in revenue. The biggest was yet to come.

Xu has always subscribed to the theory that all people should have equal access to great design. She wanted her candles in department stores but didn't want to spend a lot of time chasing down every independently owned store in the fragmented market. Instead, she looked at Target, already affectionately known as *Tarabay* for its low-cost elegance. It took a lot of patience and cold calling, but Xu and her sales rep finally got a meeting in April 1996.

"[The buyer] could not sit down... she got up and smelled the candles right away, and that's usually a very good sign," she says.

Xu had hoped that if the meeting went well, her candles would go to a few test markets, perhaps 100 of Target's then 800 stores nationwide. "She said, 'No, I'm going to put it in all 800 stores,'" Xu recalls. "My sales person was speechless."

This was April. Target wanted the merchandise by the end of the year. Xu was doing \$5 million in sales. Target would add an additional \$3 million. Twenty 40-foot containers made the delivery, and the candles were in stores by Dec. 26. It was the first time fashion-forward, strikingly colored, fragranced pillar candles were available to a mass market.

For two weeks, Xu heard nothing. Finally, the buyer called.

"She said, 'Mei, we're in big trouble,' and I thought, 'Oh no, the candle didn't sell,'" says Xu. "It turns out, it was selling three times more than the forecast."

In the midst of the Chinese New Year, Xu needed to ramp up production to meet Target's

consumer demand. In less than two months, she expanded her manufacturing campus in China. This experience would prove illuminating years later when she grew her business domestically.

"That year, we shipped over \$8 million worth of products," she remembers. Xu knew she couldn't give Target the same thing she was giving other boutique stores. She opted to go private label, a decision she might rethink today. "We should have had another secondary brand," she says now, "but that was just something you learn along the way. Branding was not something I learned in school. Particularly in China ... no one really talks about brand. It's all the same."

What she did know was that the scope of clients like Target required that Xu up her sales groups. Whole teams are dedicated to these major accounts. Yet playing with the big boys did knock some of the kids out of the sandbox.

"As we expanded to retailers such as Kohl's and Target, we noticed that by nature, consumers going to the high-end department stores wanted exclusive products, and we were not offering those to them," says Xu, commenting on the end of relationships with retailers like Nordstrom.

But with a new domestic-based manufacturing facility that opened in June of this year, Xu will launch an exclusive home fragrance collection that will potentially bring the boutique retailers back to her fold.

manufacturing UNDER FIRE

Chesapeake Bay Candle has a successful, albeit slightly cumbersome, relationship with its business model of sourcing materials from the best suppliers and sending them overseas for production to its manufacturing facilities in China and Vietnam. Several factors inspired the company to open a U.S.-based, highly automated facility in Glen Burnie, MD.

Despite her strident standards, Xu concedes that, "Made in Asia" has a kind of stigma attached to it. The cost of doing business in Asia has risen significantly in the last five years. One reason Xu expanded into Vietnam was an onerous new candle import duty levied in China.

More importantly, the economic recession threw into stark relief the weaknesses of having an elaborate supply chain. Stores now carry a fraction of the inventory they once did, which is fine if the sales forecasts hit their targets. But say pumpkin spice candles sell out in advance of Thanksgiving. With an overseas operation, the time to

get more stocked could be three months.

"Having a manufacturing facility here will get the response time down to two weeks," Xu explains.

If only everything related to the new facility were so expeditious. If you want to get Xu fired up, get her on the topic of the legal and bureaucratic hurdles one must leap to manufacture in the U.S. It took well over a year and many setbacks to get to the grand opening.

"They throw a pile of codes this high in front of us and say, figure these out and make sure you comply to all of them," she says. "It took three months to figure everything out, put the design work together, turn it over to the country and they say, 'This is good, but here's another 10 pages of more improvement you need to make.'"

"This is really the difference where I can see we are disadvantaged now in this country," she continues. "It's more profitable to be making profits on other people's mistakes than to actually invest and make things. We're talking about bringing manufacturing jobs, but are we really ready?"

Xu doesn't suggest that worker safety be compromised – and in fact, the new facility will be mostly automated. Her overseas operations have never had one fire in 15 years of production. What she wants to see is a more welcoming environment for manufacturing businesses. Xu, who has two young children of her own, would like to host school groups at the Glen Burnie facility to encourage a new generation to embrace engineering, design and production.

global SPARK

The thing that keeps Xu motivated and happy is travel. She's never lost her passion for international relations, and she says that if she isn't getting on a plane for some great destination, something is wrong with her. Her candle collections are inspired by visits to shops on the Left Bank in Paris and boutiques in London as well as global trends in fashion and art.

When the import duty pushed Xu's U.S. candle production out of China in 2000, she was concerned about the fate of her many employees there. She came up with a new business concept, Blissliving Home, which brought together her love of home décor, textiles and fashion and gave her a means of employing the Chinese workforce.

Blissliving Home is a separate business from Chesapeake Bay Candle that produces bedding and home accessories themed on a global destination. Together with Chesapeake Bay Candle, Xu's companies brought in \$85 million in global revenue in 2010. The new company also allows Xu and her team to spread their creative wings, which were somewhat clipped by the specific needs





of their large clients. The home goods appeal to boutique retailers (Bloomingdale's is back as a customer) and are sold online and through a catalogue.

"We're not selling them to the stores that we're selling candles to, but we are having a good time," says Xu. In addition to a new candle collection, Xu is launching the Blissliving Home fragrance collection to reach a new market of smaller boutiques and has a bath and body collection in the works for independent stores and spas.

While doing business in China may be getting more expensive, Xu is capitalizing on the upside of Asia's growing middle class. She has boutiques opening in China and is determining the best products to sell in that market. "It is a huge market for food, for luxury consumer products, electronic products," she explains. "My advice to smart CEOs is don't always look at [Asia] just from a sourcing point of view, but long term as a market."



fanning THE FLAMES

There is a photograph in Xu's office of her – petite, fashionable and attractive – with Hillary Clinton. As her business has sustained success, Xu has been able to shift her focus back where it began, on international relations. She's worked with the U.S. State Department on initiatives such as the Partnership for Global Development and the Diplomats, Leaders and the Next Generation of Women Leaders project. She's founded (and mostly funded) the Mei Xu Cultural Exchange Foundation, which establishes cultural and language immersion opportunities similar to what she had as child.

If there is a word that Xu uses with alacrity, it's passion. "We're passionate, we are determined, we deliver quality and service, we invest in a talented team, we care about giving back to our community, we celebrate success," she says. This is a woman who doesn't do things by halves, whether it's leaving a country, leading a company or launching a philanthropic program. Make no mistake, inside this diminutive, well-manicured façade is a powerhouse. **CEO**



Known for their signature snowflake texture, Chesapeake Bay Candles now come in hundreds of scents, colors and textures.



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