

THE WEEKLY DIGITAL MAGAZINE FOR THE SPORTING GOODS INDUSTRY



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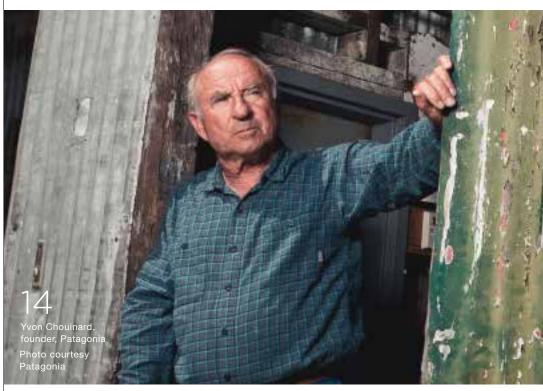


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THE WEEKLY DIGITAL MAGAZINE FOR THE SPORTING GOODS INDUSTRY



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ON THE COVER: Photo courtesy Colorado Yurt Company

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MOVERS & SHAKERS

AlignMed, the developer of wellness wear, appointed **Robert J. Meers**, a previous top executive at Reebok and Lululemon, as the firm's chief executive officer.

HanesBrands, the parent of Champion, Hanes and Gear for Sports, promoted **Gerald W. Evans, Jr.** to chief operating officer effective August 1.

MIPS AB appointed Johan Thiel as CEO and Sven Sandahl as senior EVP of sales and marketing. The duo will focus on bringing the Swedish company's MIPS helmet technology to market with brands serving the Motorcycle, Equestrian, Snow/Ski, Bicycle and American Football markets.

Icebreaker hired Cathy Quain as its first global vice president of retail. Quain is responsible for strategically developing and directing Icebreaker's global retail business strategy.

Wigwam, the performance sock company, named John Strong as their new western director of sales.

Worth Sports, which is part of Jarden Team Sports, promoted Mark Kraemer to director, Worth brand management.

Jetboil hired Ken Avery as its new brand manager.

Pro-Tec Athletics added Ultra Trail Running Champion **Krissy Moehl** to the Pro-Tec team of professional athletes.

Nautilus, Inc. reported that its CFO **Linda Pearce** will resign effective July 2 to become CFO at a dairy cooperative in her home state of Oregon.

Thule named **Chris Peck**, the former global vice president of R&D at Cycling Sports Group (CSG), as vice president of product development.



ADIDAS SEES RECORD SOCCER SALES IN WORLD CUP YEAR 2014

Adidas expects to achieve new record sales of €2 billion in the football category in 2014, the company announced at a football media day in Herzogenaurach. As the official sponsor, supplier and licensee of the 2014 FIFA World Cup, Adidas will again supply the official ball of the tournament and equip officials, referees, volunteers and ball kids.

"The FIFA World Cup is the perfect stage to showcase our company, our brands and our products. Adidas is the clear number one in football globally – in terms of sales, innovative power and brand visibility," said Herbert Hainer, CEO of the Adidas Group. "Through the World Cup we will once again underline our leading position and share our passion for the game with fans around the world."

Starting in the second half of 2013, Adidas will be launching a stream of new and innovative football products for the World Cup.

In Latin America, the Adidas Group has performed extraordinarily well over the past decade – driven by the Adidas brand, where sales have grown at strong double-digit rates every year since 2002.

Over the past few months, Adidas has enjoyed strong success in football: endorser Lionel Messi has been awarded the FIFA Ballon d'Or as the best player of the year for the fourth time in a row, Chelsea FC won an all Adidas final in the UEFA Europa League and FC Bayern Munich was recently crowned UEFA Champions League winner. At the 2013 FIFA Confederations Cup, four out of eight teams are equipped by Adidas: the World and European Champion Spain, Asian Champion Japan, CONCACAF Champion Mexico and the 2013 Africa Cup winner Nigeria. Japan was also the first team to gualify for the 2014 FIFA World Cup in Brazil.

CONVERSE TO LAUNCH "SIMPSONS" COLLECTION

Converse announced a new collaboration with "The Simpsons", representing the first ever footwear deal for the cartoon series.

Available for men, the Homer sneaker includes a blue and black background,

accented with Homer exclaiming "D'oh!" on one side of the shoe, and "Woo Hoo!" on the other. Available in children and adult sizes, the Bart sneaker features Bart writing, "I will not waste chalk," on a black background resembling the notorious Springfield Elementary School chalkboard, accented with a bright yellow inside lining. The Family sneaker showcases all members of The Simpsons household depicted in their likeness.

"The Simpsons" Chuck Taylor All Star collection will be available at Journeys and Converse retail stores beginning June 15, MSRP \$37 to \$65.



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SKECHERS SIGNS ON AS HOUSTON MARATHON SPONSOR

Skechers USA, Inc. announced a multi-year partnership with the Houston Marathon Committee, Inc. under which the Skechers Performance Division will become the official footwear and apparel sponsor for the Chevron Houston Marathon.

As part of the agreement, the Skechers Performance Division will have a high-visibility presence at all race events including the annual Houston Marathon Expo. The company will also exclusively design, distribute and sell products featuring the Chevron Houston Marathon logo. This includes outfitting course volunteers with branded merchandise and providing the finishers' shirts for runners.

"This partnership further solidifies our position as a major player in the performance footwear business," said Michael Greenberg, president of Skechers. "Since launching the Skechers Performance Division in 2011, our award-winning innovative footwear has been embraced by the media, elite runners like Meb Keflezighi, and casual fans of the sport. The exposure created via this sponsorship is a huge opportunity to engage with runners as we continue to develop the next generation performance products on our Skechers GO platform."

As one of the most decorated distance runners in U.S. history, Keflezighi's career highlights include 2004 Olympic medalist, 2012 U.S. Olympic Trials champion and fastest American marathon runner at the London Olympics. He helped open lottery registration for the 2014 Chevron Houston Marathon during a National Running Day Event held on June 5. Keflezighi, who competes wearing his signature Skechers GOrun speed footwear, led a three-mile fun run at the event.

"Houston is where I earned a PR and the chance to represent the United States in London," said Keflezighi. "I ran that race wearing Skechers Performance shoes so it's perfect that this great footwear company is now partnered with a key city in my career."





PRINCE SPORTS TO OPEN WIMBLEDON STORE

Prince Sports will open its inaugural brand store in Wimbledon, London, in time for the Wimbledon Championships. The store will showcase the complete line of Prince racquets, footwear, strings, grips and accessories as well as the latest line of Prince apparel, Wimbledon-by-Prince and exclusive Prince SW19 merchandise, named after Wimbledon's postcode.

Prince will be visible throughout the entire Wimbledon Village as the official sponsor of all retail store windows, and is also the official license partner of Wimbledon for racquets, racquet accessories and bags with its Wimbledon-by-Prince branded products that can be found in all on-site retail outlets and kiosks.

At the grand opening June 23, the store served the traditional Wimbledon favorite of strawberries and cream while top Prince athletes, past and present, made special appearances.

"Prince is a world renowned premium tennis brand steeped in a history of product innovation and world famous player associations – many previous winners at Wimbledon," said Mike Ballardie, CEO of Prince Global Sports. "It is therefore fitting for Prince to locate its inaugural branded store close to the most prestigious of the tennis Grand Slams and the spiritual home of tennis. Wimbledon itself has an active and growing tennis community and we want to capitalize on that opportunity in order to provide our consumers with the best possible Prince brand experience."

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Made in America

PART TWO OF THE RESURGING INTEREST IN AMERICAN MANUFACTURING, WHO IS LEADING THE CHARGE, WHAT IS WORKING AND WHY.

By Aaron H. Bible

Last month *SGB* took a look at some of the sporting goods industry's leading players in domestic manufacturing. A rash of incidents in overseas factories and fair-labor practices have turned up the heat on the issue.

From "Buy American" to "Think Globally, Drink Locally," the catch phrase "Made in the USA" may soon be much more than lip service: in a seeming reversal of 30 years of exodus, *The Washington Post* reported last month that Chinese technology maker Lenovo in January opened a factory in North Carolina. Just like craft beer makers, small-scale apparel and specialty outdoor manufacturers say stateside production is viable, but is it leading to a bigger movement?

CRESCENT SOCK COMPANY

Nestled in Niota, TN lies an old-time, family operated hosiery mill, Crescent Sock Company, founded in 1902, where Fits Socks are made. Crescent has found a balance between domestic and overseas manufacturing, taking advantage of the shorter lead times and higher quality from its U.S. mill, and the specialization and sourcing only available in Asia.

"As a millennial, I was very detached from the idea of products being made in the U.S.," said former Fits head of design and marketing Samantha Bild. "The sense of pride is overwhelming when you look at our products and realize, 'it really did take a town to make this.' Keeping the jobs here keeps the people here, which fuels the rise of other industries in our area." Bild said there's only a handful left of the many hosiery and cut-and-sew mills that used



to populate the Southeast. She corroborated that a dwindling skilled workforce (in particular machine technicians) and high labor costs drove companies to China and now to South Asia - but that specialty items are still able to thrive in the U.S. "Also, in hosiery, we don't have easy accessibility to some types of machinery and yarns, especially synthetics.

"I think cheap products were a thing of the '80s and '90s; we expect quality now. There's an emotional attachment to an American made product and I hope American manufacturers keep quality a top priority," continued Bild "...The reason our mill is still here is because we have been able to strike a good blend of domestic and sourced manufacturing. Many people decided only to manufacture in the U.S. and limited themselves to a product line. Many people decided to do 100 percent overseas. For Crescent, our blend of domestic and offshore manufacturing kept us alive."

SMITH OPTICS

Further north, ski-industry pioneer Smith Optics was founded in 1965 and has been made in the U.S. since day one, with corporate headquarters in Ketchum, ID, and a factory in Clearfield, UT.

"We've maintained a hands-on approach to our development and



manufacturing and that has contributed to our development and preservation of local expertise. There's a deep understanding of what works and what doesn't, and we can always drive down to test out our theories within a few

hours," said Smith Optics category manager Ben Flandro. "Basically, we tinker and test locally and maintain a high level of craftsmanship and expertise within our local economy. In many cases overseas, it's difficult to hold on to valuable employees with expertise for an extended amount of time. Some of our factory employees have been there for 30 years. This wealth of expertise and loyalty is obviously advantageous to both us and the local communities."

Said Flandro, "Producing in the U.S. lowers our transportation and import duty costs. Many foreign made goods are less expensive to be produced overseas but find parity or become even more expensive once transportation and duties are accounted for."

"Manufacturing, in general, is a somewhat fluid entity and after these past five years of tough economic times, companies are searching for any country that can produce quality goods at reasonable prices," Flandro continued. "What we're seeing now is that companies that truly investigated all options found that U.S. production was not necessarily more expensive once all costs were accounted for - scrap, transportation, tariffs, time to market."

However, he explained, "Many believe that U.S. manufacturing must be preserved at all costs when, in fact, many U.S. companies employ thousands of Americans while also employing thousands of others around the world. Forsaking this success in the name of artificially holding up U.S. manufacturing when it does not make sense only results in the decline of the company that doesn't pay attention to costs. It's critical to push for economic parity and free trade in the interest of a level global playing field; but companies today need to evaluate all their options and do what's best for it and its employees' long-term success. Luckily, in our case, our manufacturing infrastructure in Utah is our best strategic opportunity."

POLARTEC

On the supply side, Polartec, previously known as Malden Mills, has been producing fabric in America since 1906. Polartec Global Marketing Director, Allon Cohne, agreed it's cost that drives people out, but the ability to innovate that brings them back, although he believes we are decades away from widespread localized manufacturing.

"It's important to produce goods in the U.S. for a variety of reasons, but preeminent is keeping innovation and knowledge domestic. Once we lose the ability to actually develop and make things here, it will infinitely make it harder to bring it back," Cohne said. "We develop our products here in the U.S. because of our knowledge base. "In the U.S. the consumer creates the demand," he explained. "So if there's a major shift with the consumer to make products in the U. S., it will make sense for all production to take place in the U.S. Change the consumer mindset. They will drive businesses, government and supply chains to shifts.

Concluded Cohne, "There is a compounding effect when jobs and industries move production off-shore. Once machines and skill sets leave, it means decades of displacement, and it will take decades to bring it back."



SAGE MANUFACTURING

In the sportsmen's category, Sage Manufacturing has produced fly fishing rods in Bainbridge Island, WA since the company was founded in 1980. Sage CEO Travis Campbell said the advantages are numerous:

"The first is access to U.S. partnerships and technologies that are important elements of being able to conduct research and development on a local level. The second is control over design, quality and a hands-on ability to pursue sustainable business practices. An-

other advantage is our ability to build just what the market needs, when the market needs it, rather than anticipating demand with 100-plus day lead times. Last but not least, having all of our operations under one roof allows us to keep our methods and processes proprietary and maintain the performance and quality that we are committed to as a brand.

"Our customers value the performance and innovation we put into our products



Travis Campbell, CEO, Sage

and they seem to value even more that we do this with a U.S. manufacturing operation," Campbell explained. "We've seen an increasing benefit to this U.S.-made focus as Americans have recognized we need a healthy manufacturing sector in the country and are more willing to put their dollars behind their sentiments. Also, as I mentioned before, we are a specialist business and having our manufacturing close to our primary customers, and under our control, helps us build the right product for our markets, in the right quantities, and at the right time."

OLD TOWN CANOES & KAYAKS

Dating back even further, Old Town Canoes & Kayaks has been made in the U.S. since 1898. Some of its boats are made in Canada and the rest still come from Old Town, ME. "Our roots in boat building begin here with the ancestral home of the Penobscot Indian tribe, and it's simply first nature for us," said Marketing and Communications Manager Luke LaBree. "The history in Old Town provides a source of inspiration and pride - and on a macro level we're proud



to help support the local community here that has supported us for so many years.

"It's no secret that producing goods in the U.S. is generally more expensive than taking manufacturing overseas," LaBree continued, "but when you factor in shipping costs - especially with the larger goods we're building - as well as the quality control you achieve by being hands on, I think the advantages for us producing locally far outweigh

the disadvantages." LaBree said those advantages include quality oversight and centralization of marketing, R&D and production, which translates into improved performance, efficiency, and ultimately the bottom line.

A heritage brand like Old Town may have a head start in American manufacturing, but what about smaller start-ups?



VAPUR

"We are certainly capable of producing anything here in the U.S. The question becomes the cost to do so and the impact on final cost to the end consumer," said David Czerwinski, CEO of Vapur, the softsided water bottle company founded in 2009, which introduced the award-winning Micro Filter for its bottles this spring.

"The reality is that we all operate in a global environment. Depending on what a company is producing and where a company's consumer concentration resides geographically, it may or may not make sense to manufacturer here," Czerwinski commented. "Having said that, I personally feel that manufacturing outside of the U.S. just to skirt environmental, labor, and social responsibility is never a valid justification."

SKINFARE

Another company founded just two years ago, Asheville, NC's SkinFare, has made Made in America part of its DNA. "In order to sustain business, and therefore industries, given the current economic and environmental circumstances, it has become increasingly obvious that the only model that makes sense is one which focuses on people, planet and profit," explained SkinFare CEO and founder Kara Errickson. "We use SkinFare as a vehicle to promote the ideology we believe in, working within capitalism rather than politics, to create change from the inside out...We would like to be part of the solutions that contribute to lasting prosperity, both in the U.S. and globally.

"By designing products that can be produced with relatively simple equipment that is readily available, we required minimal capital investment for initial setup. Every manufacturing process requires human interaction and we have tapped into local vocational programs to find people with proper education and training," she continued. "Right out of the gate we implemented a bid procedure

that is geographically based, rather than financially based. We work off the map in an expanding radius from our hometown until we find what we need. It's a simple procedure that establishes priority for local materials and value added processors. "There's a mutual



give-and-take that occurs in our local community that is virtually immeasurable. We have been given access to funding, equipment, real estate, and many other resources, including education and mentorship. As a result of being so involved locally, people know SkinFare and they are proud to be part of the success."

Errickson agreed the trend picked up real momentum two-tothree years ago, although people have been paying attention to the startling economic data regarding the loss of U.S. manufacturing for more than a decade. "Organizations that are good at reading trends will undoubtedly recognize that the re-shoring movement should be taken into consideration when evaluating their long-term plans for profitability," she said. "Ultimately the companies that can adjust accordingly will come out winners in the marketplace."

THULE

Rack, bag and accessory manufacturer Thule began U.S. manufacturing in 1992. "For companies who are just starting out, it is easier to find a manufacturer to make their product for them, rather than building a factory to produce their own products," said the company's Communications and Sponsorship Manager Karl Wiedemann. Thule keeps manufacturing close at hand to stay nimble in production and reduce transportation costs on the



Karl Wiedemann, communications and sponsorship manager, Thule

environment - a factor further offset by more than 1,800 solar panels at its Seymour, CT factory.

"If we have a light snow year, we can quickly change over our ski rack production lines to build bike or water products. If we were dealing with a factory overseas, our entire year of ski racks would already be on the water and we would have to sit on these finished goods all summer,"

Wiedemann said. "Large and bulky products are perfect for domestic manufacturing. If we were to make our cargo boxes in Asia, we would be paying large freight bills to ship large volumes of air around the world. By manufacturing our boxes in Chicago, we can produce just in time and ship to anywhere in the U.S. in under four days."

LIBERTY BOTTLEWORKS

For a feel-good Made in America story, it's hard to beat Liberty Bottleworks, whose focus is on creating sustainable jobs while maintaining the highest quality possible. They manufacture aluminum water bottles with recycled materials, using technology that was designed and developed in the U.S., in a zero-waste manufacturing facility in Union Gap, WA.

"Manufacturing a sub-\$20 consumer good in the U.S. is inherently difficult," Liberty co-founder and COO Ryan Clark began to explain. "We have to maximize all available efficiencies because do-



Ryan Clark, co-founder and COO, Liberty Bottleworks

marketplace is an advantage to an increasingly aware customer base, and that goes for the general public and our business

siderable."

clients. Being able to say we're Made in America combined

ing it right - getting high qual-

ity materials from this coun-

try, working with vendors and partners here and putting it all together - isn't cheap. It takes a lot of time, dedication and creativity to get all the pieces to line up and that investment is con-

Clark said it's about creating jobs for consumers, so that companies continue to have customers here in the U.S. "Being the only Americanmade metal water bottle in the

with the rapid reaction time, quick sampling for custom work and fast shipping makes us an attractive choice," he said.

"We'd love to say everybody should be moving production here, but the reality is that there are a lot of factors at play, and at the end of the day we have responsibilities to our families, our employees, stockholders, investors, whatever," concluded Clark. "There's no quick fix, but I think we're seeing a resurgence in a domestic supply chain for things like textiles as companies pop up with apparel born, raised, sheered, treated, sewn and packaged in the U.S. As more brands bring portions of their manufacturing back, we're going to see some supply chain solutions follow."

RAMP and DPS

Nearly everyone has become aware of the resurgence in American manufacturing in the ski industry, from Icelantic Skis in Denver, to Venture Snowboards in Silverton, CO, to Ramp skis and snowboards and DPS skis in Salt Lake City, to name just a few. Ramp and DPS both moved manufacturing from Asia to Utah; others face heavy import duties on raw materials (especially exotic woods) and have been forced to build overseas to stay in business.

Said Ramp Sports President Michael Kilchenstein, "Any company who cares and can do it, should. It's worth making the move. Companies need to do it and American consumers need to support these companies to make this a strong trend. If we as consumers rally behind this movement it will work and we will all benefit. Our economy will be stronger, Americans will have interesting and better jobs, and the environment will benefit because when we produce here we respect it more."

DPS closed its factory in China in January and opened a state-ofthe-art factory at the base of Utah's Wasatch Range, consolidating production and development. "Just like there was a time when people began searching for independent ski brands, I think now people are looking for high quality independent ski brands that are manufactured here in the U.S.," explained DPS's Erme Catino. "Since the factory launched we have added 20 skilled jobs to the Utah economy, and anticipate adding more as the facility expands. The majority of our American-made materials were previously



Erme Catino, PR/Marketing, DPS

shipped overseas, adding associated environmental strain, which is now spared. Also, we can now better control material waste through improved manufacturing efficiencies."

Continued Catino, "We have the ability to immediately scaleup to meet increased demand at home and abroad, during both the Northern and Southern Hemisphere seasons. R&D benefits improve, as we can ski new models one day, and the next, incorporate changes at the factory. This has already contributed to ski innovation.

ACHIEVE YOUR GOALS

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SportScanInfo.com A Service of The SportsOneSource Group "I think it comes down to the consumer," he said. "If they are going to spend their well-earned dollar on something, they need to believe in it. Knowing that our skis are made locally gives us even more credibility in a very competitive market."

NEW BALANCE

As a final example, most know that New Balance is the only company that still manufactures athletic footwear in the U.S., dating back more than 75 years to its first pair of running shoes in 1938. Along with leading government product suppliers such as Wild Things, Omega Pacific and others, New Balance has been a champion of the Buy American Act, also known as the Berry Amendment.

Rob DeMartini, New Balance president and CEO, weighed in on the matter. "We believe it is vital to our nation's interests to maintain a manufacturing sector and we continue to encourage the Administration and government officials to implement smart, sustainable programs and policies that foster domestic innovation and manufacturing," DeMartini said. "We are proud to invest in American workers who provide some of the greatest working spirit, commitment to advancement, and



ingenuity known in the industrial world.

"We are also proud to be an official footwear provider to the U.S. military. In an industry that uses partners to produce its product, we believe by running our own factories - we know how to work with our partners better," he continued. "New Balance went through a huge transformation in our domestic manufacturing starting in 2005 when we

brought lean manufacturing into our factories to improve productivity. We were able to go from making one pair of shoes in eight days in 2005 to three hours today by shifting the culture to embrace waste reduction and continuous improvement, and by empowering problem solving with our manufacturing associates. Today it is everyone's responsibility in manufacturing to contribute ideas - and part of their job description - and we get hundreds of ideas per year."

Concluded DeMartini, "U.S. manufacturing is creating important niche markets worldwide that desire premium crafted shoes made in New Balance factories. We have proven that it is possible to successfully manufacture athletic footwear in the U.S. and we invite other companies to join us." ■

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GIVING BACK

PATAGONIA LEADS ARBL NDUSTRYIN STEWARDSHIP

Yvon Chouinard, founder, Patagonia Photos courtesy Patagonia

14 SGBWeekly.com | JUNE 24, 2013

With evolving environmental leadership and a newly released how-to manual for conscious businesses, Yvon Chouinard has been challenging the outdoor industry - and the world - in environmental ethos for more than 40 years.

By Aaron H. Bible

S urely there's no other company in the outdoor space that comes to mind first when speaking of environmental stewardship than Ventura, CA's Patagonia.

Yvon Chouinard, company founder and noted American alpinist, grew from surfer and climber, to ironsmith, importer, designer and businessman; and always remained, environmentalist.

From the beginning, Chouinard and his partners were acutely aware of the impact their products had on the environment. Selling handforged pitons out of his car between surf sessions and climbing was damaging the very routes they were pioneering; and in 1972, Chouinard Equipment launched the aluminum chock revolution. A 14-page essay by fellow Sierra climber Doug Robinson made the introduction: "There is a word for it, and the word is clean." That word set the tone for Patagonia as well for the next 40 years.

Patagonia was born out of Chouinard Equipment, by Yvon's own admission, "meant to be not a risk-taking, environment-obsessed, navel-gazing company but an easy-to-milk cash cow," as compared to the labor-intensive and specialized, but barely profitable climbing gear company.

Through Patagonia, Chouinard and his compatriots went on to essentially introduce fashion to outdoor apparel, as well as inventing synthetic layering for outdoor activities. And since that time, the company has continued to lead, to question, to innovate, and to put employees and the environment first.

Since 1984 Patagonia has had no private offices at their headquarters, and that year opened a mostly vegetarian cafeteria and an on-site childcare center (one of only 150 of its kind at the time).

Even in the face of a tanking economy in 1991, the company commissioned an environmental impact statement on its four mostused materials, and subsequently, in 1994, Patagonia did something rash - they made the move from conventionally grown to organic cotton, increasing their own costs by three times and gambling their sportswear business which made up about 20 percent of profits. "That one move, over time, has entirely changed the apparel industry," said Patagonia's Jessica Clayton. Chouinard is also the co-founder of 1% for the Planet, the alliance of businesses that since 2002 have contributed at least one percent of annual revenues to environmental causes.

"At its essence 1% for the Planet is an example of open and freethinking. With no one minding the well being of our most prized possession - the earth - 1% was established for progressive-minded business owners to not only stand for what they believe in, but to make a financial contribution to the NGO of their choice," said 1% ambassador Penn Newhard, Backbone Media.

In 2007 Fortune magazine called Chouinard the "most successful outdoor industry businessman alive today." Empowering employees to promote causes and take time off to work on global charity projects and expeditions, he has piloted Patagonia to become and remain one of the best places to work on the planet, encouraging social and environmental progress while continuing to improve product quality. From creating responsibility and transparency in the supply chain, to the company's Common Threads Partnership, bestowing environmental grants, developing e-fibers, its Common Waters campaign, employee activism, and other environmental initiatives, the privately held company and its employees are walking the walk. Patagonia is currently working with The Nature Conservancy and Ovis XXI (an Argentine company that manages a network of wool producers) to reverse more than 100 years of overgrazing on 15 million acres of Patagonian grasslands. According to Patagonia creative services employee and activist Jim Little: "By emphasizing high-density grazing followed by adequate recovery time, we are working toward the actual regeneration of grasslands, instead of simply slowing desertification."

In a groundbreaking move last month, the company reorganized into Patagonia Works, a new holding company that Chouinard says will allow the company to take its environmental mission to new industries, such as food. The company simultaneously launched the "\$20 Million and Change Fund" to finance socially responsible startup companies.

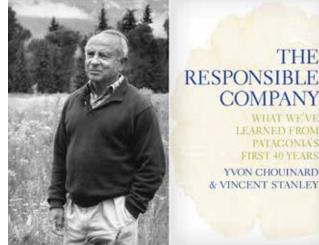
In 2012, Chouinard and nephew Vincent Stanley, himself an original Patagonia employee, have released a new book the duo hopes will





Vincent Stanley, nephew of Yvon Chouinard

serve as a blueprint of sorts for not only business owners and decision makers, but for "anyone who works." The book uses the lessons they have learned unwitting businesspeople as and moments that "stunned them into consciousness," to teach others how "one step makes the next step possible." Stanley is also the co-editor of Patagonia's Footprint Chronicles, the transparent analysis and digital diary of the company's



worldwide environmental impact. Patagonia is intent on not only making the world a better place, but on holding itself accountable in the most transparent way possible, while still remaining in business.

The book, The Responsible Company: What We've Learned From Patagonia's First 40 Years (Patagonia Books), may be the first work of its kind to offer frank solutions on how to slow the corporate drift toward ecological bankruptcy. It's an easy and enjoyable read, complete with actual checklists and recommended reading for decision makers. It also contains some startling environmental statistics and stark honesty.

"Poke your nose into any store in the mall and look around. Much of what we produce to sell to each other to earn our living is crap, either ever more luxurious, specialized goods like electronic temple massagers and personal oxygen bars, or cheap salty junk food and disposable clothing. Every piece of crap, because it was manufactured, contains within it something of the priceless: applied human intelligence, for one, natural capital for another - something taken from the forest or

a river or the soil that cannot be replaced faster than we deplete it," the authors explain. "We're wasting our brains and our only world on the design, production, and consumption of things we don't need and that aren't good for us. Everything manufactured comes with a cost that exceeds its price."

But the book is far from doom and gloom: "Companies that recognize the opportunity to use the intelligence and creative capacity of their people to do less harm, certainly less

harm that serves no useful purpose, will benefit. The company that wreaks less environmental harm will at the same time reduce its sharply rising costs for energy, water, and waste disposal."

THE

FIRST 40 YEARS

YVON CHOUINARD

"Actions build on one another ... " said Chouinard "Doing the right thing usually emboldens people to do more of the right thing."

The authors offer advice based on their experience creating responsible, green business practices during difficult times. The book's talking points for business leaders include: how to improve the quality of a business; six ways to reduce the harm a company causes; how to provide the kind of meaningful work employees seek; and the seven essential steps a company needs to undertake.

The Responsible Company is a how-to manual for other companies within and outside of the outdoor industry as we evolve toward a "post-consumerist society," with sage advice from someone who's been making it work for four decades.



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THE SUPPLY SIDE **COLORADO YURT** COMPANY Meet the founders of the country's largest supplier of soft-sided dwelling structures

By Aaron H. Bible

When the Colorado Yurt Company got a phone call asking to design, build and deliver over 200 canvas tents and 100 tipis in less than two months to the Coachella music festival in Indio, CA, for a veritable city of premium camping, owners Dan and Emma Kigar couldn't say no.

Since 1976, the Colorado Yurt Company, the nation's largest supplier of soft-sided dwellings, has been making and selling high-quality yurts, tipis and canvas wall tents to ski resorts, private landowners, celebrities, outfitters and campgrounds. With products ranging from 30-foot diameter yurts to custom-sized platform tents, the Colorado Yurt Company proudly makes all of its structures in Montrose, CO.

The shelters can be outfitted for nearly any use, from yoga studios and personal offices, to second homes and infinite resort applications. All of their yurts are engineered and designed to meet the structural requirements of the International Building Code - which means you can live in them year-round in any environment on earth. They pride themselves on providing real solutions for people looking for both an alternative dwelling structure and commercial applications to get people out of the elements and into a communal environment.

Coachella charged \$6,500 to stay in one of the Colorado Yurt Company's safari tents for two at this year's festival. Accommodations included two festival passes for all four nights, plus one or two queen beds, linens, tables, flooring, electrical outlets and air conditioning inside the canvas



walls. Beyond Coachella, the Kigar's can list How It's Made, HGTV's Design Star, SXSW, Ralph Lauren, Oprah and a litany of other pop culture clients, not to mention many of the major alpine and Nordic ski resorts in the U.S. as clients.

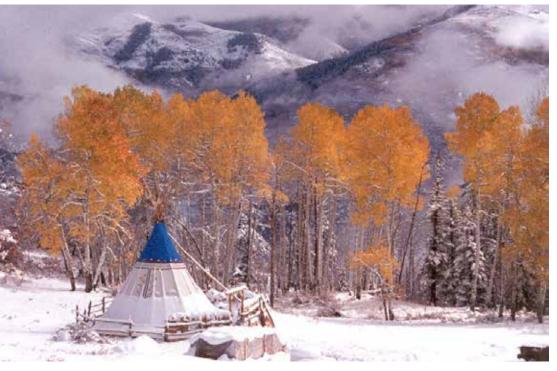
So how did this true-to-life mom and pop operation rise to such notoriety? *SGB* tracked them down at their Montrose home base (they gave up tipi dwelling after about 20 years) for a quick Q and A.

What year did you sell your first product? The first product in 1977 was a tipi in a selection of sizes. We had a hand-printed black- and-white brochure; we took out classified ads in The Mother Earth News, East West Journal and a few others. Stewart Brand published the first Whole Earth Catalogue and the original Shelter Book came out...it was the "back to the land movement" of the 1970s. We also ran Summit Recycling at the time and the two companies - Summit Recycling and Earthworks Tipis - shared a phone but we didn't need a phone because it was a true mailorder business. We used to get 30 to 40 mailed-in requests a week for our brochure (with a dollar in the envelope). We'd send out the brochure and price list and order form. Customers would mail in the order form with a deposit check and we'd make their order and send it out COD.



What has your growth curve been like? We've gone from \$35,000 to \$3.5 million –modest, steady growth while bubbles inflated and burst. We had minor dips at 9/11 and the great recession. We were back on track with a steady growth pattern by 2010.

How did revenue last year compare to other recent years? Previous to 2012, our best year was 2008. 2012 surpassed 2008 by 6 to 8 percent.



What made you decide to make yurts as well as tipis? Think 1977 overall-wearing hippies, living in the mountains, skiing their brains out in the backcountry. We used to spend evenings sitting around the stove in our tipi or a friend's cabin leafing through the Shelter Book or Handmade Houses or Benson's Timber Framing. We'd sketch designs and then build them. Dan knew design and carpentry and I (Emma) had some skill as a seamstress. That first tipi was such great fun to build. We borrowed a sewing machine and set up a sewing loft in a hay barn to build the tipi cover. We're still daydreaming about new structures and sketching and building them.

How did the Coachella order differ from your typical customer? Our first order from Coachella was for 200 tents and 100 tipis. We quoted the job in the fall of 2011, but we hadn't heard from them. In late January, a day after they opened ticket sales for the 2012 festival, they called and placed the order for delivery by the first of March; and, we had a pretty full production schedule already. We had just hired our proteam production manager Doug Severson and he stepped up, put his considerable experience (from Chaco Sandals, among other places) to the task, and, along with our talented crew, got it done.

How did that Coachella order change your operations or what special considerations did it create? The Coachella job forced us to streamline our operations overall, but in an interesting way. It taught us to take production one efficient step at a time without unnecessarily stressing our capacity and staff.

What's the biggest area of growth? Yurts are by far the biggest growth area, but there's also great interest in our safari tents. We ship all over the world these days. A couple years ago we received an export achievement award from the Department of Commerce. We have yurts in Asia, all over Europe, New Zealand, Australia, Caribbean, Belize. The Province of Manitoba has about 60 yurts. We have a container on its way to Hawaii next week.

What keeps you inspired after all these years? Challenging jobs successfully completed. We've worked with some first-class architects and designers on custom jobs -structures for celebrity weddings, gourmet restaurants, and four star resorts where we did a lot of the designing in demanding situations. Also, reasonably happy employees who have some decent perks and a chance to get ahead.

What's the strangest or most challenging tipi or yurt you've set up? A 36-foot tipi with 45-foot poles for wine tastings in Mendocino County, CA. We pitched a 24-foot yurt at a little ski area near Gore Pass on a 17 degree day. We had to schlep the whole thing (including the deck) about 300 yards down a powder covered tree-shot, but we got it done in a day's time.



Where do you see the company heading? We'll just keep growing steadily like we have been. We're currently located in our seventh facility - about 15,000 square feet on half a city block - and we're starting to feel the limits. We've got an incipient game plan for the next step to relieve that pressure.

What impact has the Colorado Yurt Company had on the local economy? We have about 30 employees now and we put out a substantive payroll every two weeks. We're interested in the quality of life of the good people who come to work at our place everyday. That's a major area where we want to constantly improve. The quality of our products, our professionalism, our steady growth and our overall success - a lot of that comes from taking care of the people who do the work. ■

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MARY HORWATH

Vice President, Global Marketing McDavid USA Mary Horwath is bringing her renowned marketing, leadership skills and experience in consumer engagement and high-growth sports marketing to McDavid USA - the protective equipment, sports medicine and performance apparel company whose mission is "To be an essential part of every athlete's training, motivation and success."

She formerly led Freestyle Skiing on its way to establishment as an Olympic Sport, and helped grow Rollerblading in its heyday to 30 million participants. She's known for her pioneering use of social media and a proven reputation for bringing successful and profitable enterprises to market.

WHAT IS ONE OF YOUR EARLY SPORTS MEMORIES THAT SHAPED WHO YOU ARE TODAY? As a member of the varsity cheerleading squad, I loved the sisterhood and camaraderie that comes with the total support and absolute belief in a team.

WHAT LED YOU TO A CAREER IN THE SPORTING GOODS INDUSTRY? WHO INFLUENCED YOU? Throughout my life I have always been curious about new things and experiences and have had a tendency to jump feet first into the deep end of the pool. When I came to love snow skiing, it made total sense to me to pack my car and move to Aspen to pursue a life as a ski bum. As fate would have it, a friend introduced me to entrepreneur Frank Beddor, Jr., who hired me to help promote his children's involvement in the new sport of freestyle skiing. I credit my entrepreneurial spirit to him.

I went on to become the director of the U.S. Freestyle Ski Team and helped to grow it into an Olympic Sport. From there I was hired as the 14th employee of a little known company called Rollerblade, a group of talented people led by the vision to teach the world to skate. It became a life changing experience for me. Not only did we sell a ton of skates but we created a sport that at its peak had more than 30 million participants.

I took the lessons learned there and started my own marketing firm called West Hollywood Home, working with various clients both large and small. After that, I returned to Minneapolis and specialized in branding and working with start-ups, which have always been my passion and excite me with the special challenges that they represent.

WHAT ARE YOU WORKING ON TODAY? I now call Chicago home and once again have found myself working with another great team. Not everyone knows about McDavid but that's about to change. McDavid has been under the uniforms of countless athletes for 30 years and is on a mission to transform its brand both internally and externally. In a way, it's a lot like cheerleading - total support and absolute belief in a team and what it can do when given the chance to play.

WHO'S THE BUSINESS PERSON YOU MOST ADMIRE AND WHY? Like most marketing people, I am fascinated by Steve Jobs. His vision shaped not just a company but the world, to think differently and innovate.

WHAT WOULD YOU BE DOING IF YOU WERE NOT DOING YOUR CURRENT JOB? If money was no object, I would help support the rescue of homeless animals. I have a dog named Ringo and he's one of the sweetest creatures on earth. It saddens me to hear of any animal lost, injured or abandoned.

WHAT IS YOUR ADVICE TO SOMEONE LOOKING TO WORK OR GROW HIS OR HER CA-REER IN THE SPORTING GOODS/OUTDOOR INDUSTRY? A passion and enthusiasm for sports is a very real and true attribute to have. It can provide a leg up in understanding the market. In the age of personal branding, and no matter what stage you're at in your career, you should stay engaged in social and real world networking. Always remember to keep in touch with colleagues and make time to mentor and help others along the way.

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