

Q&A David Boardman Brings Baby Jogger Back to Profitability

BY SHERI HEIN

RICHMOND, VA—David Boardman has plenty of experience rescuing companies in trouble. The chief executive officer of Dynamic Brands helped breathe new life into golf brand Bag Boy. More recently he re-established Baby Jogger to its former prominence after poor distribution in the late 90s led the company to bankruptcy.

A graduate of Virginia Commonwealth University, Boardman's first experience with manufacturing and product development came while working for the Ben Hogan Company, a golf company. When that company fell on hard times and a sale seemed imminent, Boardman approached the owner with an offer to buy Bag Boy, a division



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that had been overlooked.

"I felt like at that time in my life it was time to take a risk. So my current business partner, Leighton Klevana, and I went to the gentleman who owned Hogan and asked to buy Bag Boy from him. He was an incredibly wise businessman and I think he saw that these young guys saw some value in the division, and so we worked out a deal with him where he kept a portion of the company and we now own a portion of the company," Boardman said.

Through careful evaluation and restructuring, the partners were able to reduce costs and introduce new product lines. Their success led them to create parent company Dynamic Brands, which purchased Baby Jogger, a 23-

year-old company, in 2003. Aside from Bag Boy and Baby Jogger, Dynamic Brands also owns AMF Golf.

The acquisition of Baby Jogger may have been a departure in Boardman's primarily golf-related business, but he jumped on the chance to acquire the established brand.

Under new ownership Baby Jogger has experienced tremendous growth with sales tripling. The company also has introduced several new products.

Outside of work, Boardman's twin six-year-old boys and one-year-old daughter keep him busy.

"My wife and kids and I, we're not indoors very often. We're always outside," Boardman said. "When I'm with my family, that's my soulful time."

How has Baby Jogger's bankruptcy and reorganization strengthened or changed the company?

Boardman: The company really needed new ownership. I don't want to take anything away from the previous ownership or the people who worked there before we bought it because they created the brand in the jogger stroller category. The problem was that the company was struggling so much financially that the product development was suffering and was basically non-existent. We were able to come in and bring new and innovative products to the market and really rejuvenated it and turned it back to profitability. We're focusing on increasing our distribution within the specialty bike channel. The previous ownership did some things that really damaged relations within the bike specialty channel, so we've been working hard over the past few years and continue to work as hard as possible to rebuild those relationships and regain the trust that was lost with those retailers.

What is the overall health of the company, and where are you seeing growth most strongly?

Boardman: Dynamic Brands and Baby Jogger are extremely healthy and very profitable as far as private companies go. We are more profitable today than Baby Jogger was at its absolute heyday. Just to give you an idea about the resources we have, the holding company, Dynamic Brands, is as strong financially as anyone in the sporting goods industry. I'd put our balance sheet up against anyone our size. We're constantly investing those profits into R&D and new product development, trying to rebuild the brand from a marketing standpoint. The new products we've come out with since buying the com-

pany are innovative, unique and functionally better. Right now, growth is really in swivel-wheel strollers and bike trailers. That's where we're focusing our business and where it is growing. The running stroller is obviously a core part of our business, but I think consumers really like the maneuverability of the swivel front wheel. We're building on the bike trailers every month and that's new and exciting.

What prompted Baby Jogger to move into the bicycle trailer market?

Boardman: That's a category where we felt we could provide some value and have a unique product. In our business we're always looking for logical brand extensions, but we don't enter a category unless we feel we can contribute a product that has a wow factor. We felt with our new trailers, the Tailwind and the Switchback, the folding mechanism makes them the easiest trailers on the market to fold and store. As we started research into the trailer market, one thing that I found personally was that they were a bit cumbersome and difficult to fold. When I bought my first trailer—and it was a good product—the guy on the retail floor had to go and get someone out of the back to show him how to fold it. As soon as I saw that, a light went on in my head and I said, you know, if we could incorporate our easy folding mechanism into a bike trailer, we might really have something.

How can this product help bicycle retailers increase sales and profits?

Boardman: From a product standpoint, it just makes a lot of sense. You're getting two products in one: a bike trailer and a jogger that's easy to convert. It's an innovative product. Anytime you have an innovative product, it helps

the retailers. I also think that because they are so unique, we're going to have a lot of word of mouth from consumers. People are going to come in and start looking for these products. From a retailer's perspective, it's a huge plus to have people coming in and asking for a product. From a profit standpoint, all Baby Jogger products offer strong margins at relatively higher retail prices. At the end of the day, you make pretty good money dollar-wise on each item. The more money a retailer can make with our products, the more they will emphasize those products in their stores, which in turn benefits the company.

Why would an independent bicycle retailer choose to carry Baby Jogger trailers over other trailers?

Boardman: In our business model, the retailer is our contact with the consumer. They are an integral part of our business and we have to take care of the retailers. That's important because when they're representing our products to consumers, it should be in a positive manner and done as well as possible. I think the previous ownership felt that the brand had become so strong that they didn't really need retailers and they worked very hard at selling direct. They even went as far as undercutting their retail partners. Obviously, that didn't leave a very good taste in the mouth of the retailers who were affected. We are working hard to tell retailers that we still have the great brand and the heritage behind that brand, but we are a different company and we have a different philosophy. That philosophy is all about taking care of the retailer, providing unique and functionally superior products to the end consumers, and allowing the retailers to make money while selling our products.

What makes Baby Jogger a unique company?

Boardman: The Baby Jogger brand and the heritage behind it is extremely meaningful. Before we bought the business, I had a Baby Jogger and I always thought it was the greatest thing I'd ever used. You still see people who are out there using the early ones and loving them. It's the strong feelings consumers have about owning them. It's also our passion for developing innovative and functionally better products and then offering excellent customer service at all times. A lot of companies in every industry say those things and they talk a good game, but they don't live it. I'm proud of the fact that it's really an ingrained philosophy within our company. We realize that in today's world, a lot of consumer products are commodities so the responsibility falls on us to be innovative and develop products that differentiate us from the competition.

One of your competitors recently filed a trade dress infringement complaint against your company. What is your response to this complaint?

Boardman: It's absurd to suggest that a consumer would be confused between a Baby Jogger ATS and a B.O.B. product. Our products are well marked and clearly identified as being a product of Baby Jogger, not B.O.B. We will defend this case vigorously and do whatever it takes to prevail in a court of law. I guess why this case is so frustrating is that Baby Jogger invented the running stroller category 20 years ago. So many products on the market today utilize concepts that we developed and pioneered years ago. I think if people understand trade dress, they'd understand how baseless this suit really is. (To read more about the lawsuit, see page 8.)