

# Survival Needs the Right Gear

HOW THE COLUMBIA SPORTSWEAR COMPANY SURVIVED, THEN THRIVED



There are few Northwest brands as iconic as Columbia Sportswear. Like many companies in our region, it has been shaped by our landscape, our weather and a sense of Northwest tough.

CEO Tim Boyle shares what sets his family of brands apart from the thousands of outdoor apparel companies vying for consumer dollars.

## Tell us a bit about Columbia's history.

My mother's parents founded the company. It wasn't good to be Jewish in Germany in the 1930s, so my family migrated to Portland. My grandfather bought this little cap company and named it the Columbia Hat

Company. In those days, we had distribution in Oregon, Washington, Northern California and Alaska. In the 1940s and '50s, men wore hats, but fashion changed in the 1960s. The fact that men stopped wearing hats was a problem for a hat company.

We expanded to offer other kinds of products, including a rope tow mitten. If you were skiing in the '60s you were pulled to the top of the mountain with what is called a rope tow and your gloves would wear out if you didn't have a special kind of mitten. So then we sold hats and mittens. Later when the mitten factory went broke, we bought the factory.

A small company needs something to do in non-seasonal times, so we

In 2016, Columbia Sportswear had net sales of **\$2.38B**

started selling something that my mother invented called a fishing vest.

My dad died suddenly when I was a senior in college, so I came home to help run the business. Our 1971 revenue was \$500,000, so things got bad. Then they got worse. The bank called the note and they said we'll give you another few months to figure this out and they said that what we really needed was someone to show us how to run a business.

The banker said: we just loaned some money to some guys in Beaverton who are opening a shoe business; maybe you could get one of these guys to come on your board on a pro bono basis to help you figure some things out. That company was Nike. So we had a member of the early Nike team help us work on our business. Flash-forward a few years: the company is doing about \$1 million in revenue.

Nike really helped us to understand how to do business. From there, we've steadily grown the company to what it is today.

*continued on page 13*



1990s

Columbia Sportswear goes public in 1998

NOW

Columbia Sportswear has net sales of over **\$2.38B**

2000s

Company purchases Sorel Corporation, Mountain Hardwear and Montrail brands

1970s

CEO Neal Boyle dies suddenly, leaving his wife and son in charge of the business

With the company in financial distress, the bank offers \$1,400 to purchase Columbia Sportswear—the family declines the offer

An early member of the Nike business team joins the Columbia Sportswear board and helps the Boyles deepen their understanding of how to run a business

1960s

Expands offerings to include rope tow mittens due to men's hats falling out of fashion

Adds Gert Boyle's fishing vest to inventory

1930s

Family immigrates to Portland from Germany to escape persecution of Jews

Purchases a hat company in 1938, naming it Columbia Hat Company





CONTINUED FROM PAGE 7

**Who are your competitors and how do you differentiate Columbia from other brands?**

There are very low barriers to entry in the apparel industry, so we literally have thousands of competitors. In China alone there are 900 competitors in the outdoor business. We differentiate ourselves by focusing on innovation and finding solutions to problems, like: How do I stay outside when it's raining? When it's cold? When it's hot?

In our business, the problems are easy to find. Our job is to find solutions—hopefully, ones that are very different from our competitors' and are visible to the consumer.



If we used an off-the-shelf solution, we'd be competing against every brand in the world using that same solution.

The solution is what they are buying. We invented a lining product called OmniHeat that makes fabrics 20 percent warmer. Almost everybody in the world is familiar with the

People can see the dots there, recognize what it does and quickly understand that the solution is what they are buying.

**Describe your company in three words.**

Innovative outdoor products. To me, "innovative" is a way to develop solutions that are new and different.

Almost everyone in the company spends time outdoors. Oftentimes in Portland, if you spend time outdoors, you are doing it in inclement weather. Our team of innovators is made of folks who spend lots of time outdoors, want to be outdoors longer and want to be comfortable doing it.

They also have really specialized expertise in areas ranging from chemistry to textile design. Everyone in the company is encouraged to use our products, and if they identify any opportunities for improvement, to bring those suggestions to our team of innovators. We're really lucky to have a dedicated team that comes to work each and every day to push us further and develop the best, most

**Activewear & Outdoor Gear: Oregon Economic Impact**

**PACIFIC**

- SPEND** \$149.6 BILLION
- JOBS** 1,203,000
- FEDERAL TAX REVENUES** \$11.7 BILLION
- STATE & LOCAL TAX REVENUES** \$10.1 BILLION

*Source: Outdoor Industry Association's 2017 Outdoor Recreation Economy Report*

There are lots of invisible solutions out there, some of which are hocus-focus. We've found that the best solutions for our consumers are ones that they can see.

space blanket, but space blankets aren't very breathable. One of our designers found a way to apply aluminum dots to cover about 40 percent fabric to mimic the space blanket, while having it feel just as breathable as untreated fabric.



visible solutions that are uniquely ours.

**Where does your inspiration come from?**

Personally, I am inspired by other business leaders in our region. We are fortunate to live in a place in the world where there are some great companies. Leaders like Phil Knight, Bill Gates and Jeff Bezos have all built companies and are good stewards of their investors' capital as well as their employees' time.

As a company, we get our inspiration from the outdoors. We're not selling garbage cans or nuclear waste containers; we're making stuff that you use outside and have fun with and enjoy. I think that is a positive for everyone who works here and hopefully it is reflected in our products.

**What is the best company decision you've ever made?**

In the company's dark days, it was a decision made by my mother to say no to selling the business for \$1,400. We figured that we could run the business poorly ourselves rather than selling it for \$1,400.

**What is the biggest challenge you are facing?**

We have a global business. More than 40 percent of our business is coming from outside the United States. Unfortunately, we are living in a time and place where the government is not encouraging people to come to the United States or businesses to do business outside the United States.

We just concluded our international sales meeting. We had a number of folks who were not able to attend because the government won't allow people to come to the United States, or people are afraid that they will make an investment in getting to the border only to be turned away.

**INDUSTRY AT A GLANCE**  
U.S. Sporting Goods Stores in 2017

**\$49.1B**  
Revenue

**1.6%**  
Annual Growth 2020

**1.1%**  
Annual Growth 2017-2022

**\$1.5B**  
Profit

**\$6.2B**  
Wages

**39,936**  
U.S. Businesses

**PRODUCTS AND SERVICES SEGMENTATION 2017**

**61.5%**  
Sporting Equipment

**17%**  
Athletic Apparel

**10.8%**  
Athletic Footwear

**10.7%**  
Other

*Source: IBISWorld*