

INNOVATORS: KEVIN PLANK

It is 20 years since Kevin Plank launched US sportswear firm Under Armour, growing it from a compression t-shirt seller to a \$3 billion business with sky-high ambitions.

Winning mentality

Kevin Plank would doubtless argue that Under Armour's launch is an example of the proverb 'necessity is the mother of invention'. Having suffered with the weight of damp cotton t-shirts while playing on university American football teams, he set out to find a synthetic, wicking material that would make players more comfortable and perform better. "There's nothing worse than that wet, heavy feeling, and that's what I set out to change," he says.

Unlike Plato, to whom the saying is often attributed, he is a man of rhetoric, displaying mantras across boards in the head office: 'Walk with purpose', 'overpromise and deliver', 'no loser talk'. One of his favourites sums up the company's growth: "We were always smart enough to be naive enough to not know what we could not accomplish", which put simply, he says, means: why not us?

It was 1995 when the initial idea took root – the year WSA was launched, and when performance fabrics and textiles were starting to take off in a big way for sportswear. After a series of prototypes he settled on a polyester-spandex blend he thought outperformed what was on the market at the time. Investing \$40,000 of his own money, he set up in his grandmother's basement in Washington, and touted the new shirts from the back of his beat-up Ford Explorer, deciding the best way to prove they worked was to test them on the field. Luckily, he knew plenty of footballers.

"This is a piece of the Under Armour story that most people don't appreciate," he told *Forbes*. "They focus on the innovative product. But I wasn't just a guy who created a new kind of athleticwear. I had friends inside the locker rooms of more than a dozen professional football teams. My contacts among these NFL players were a vital part of my strategy."

He gave out samples and asked them to spread the word, 12 months later securing a contract with Georgia Tech. Other Division One teams followed, along with NFL teams. Then "one of the football players played baseball, and the baseball players told the lacrosse team".

For the first four years, the focus was solely on the one compression t-shirt; \$17,000 in sales in

1996 rose to \$110,000 then \$400,000. "The key to Under Armour's success is focus," he says. "That's the best advice I could give, because so often you get swept up with keeping up with the Joneses: you need to become great at one thing."

By the Joneses, he means his rivals in the sportswear world, whose names are banned at Under Armour's headquarters. Nike is known as "the guys out West", while adidas was casually referred to as the "dumbest competitor" in another recent interview – but it is all part of the philosophy of ambition. "We control our own destiny," he says.

That destiny was not without hiccups. The first attempt at branching into womens wear in 2001 resulted in \$1 million of destroyed stock. "The approach was pretty simple: 'shrink it and pink it!' We used the same designers, the same manufacturers, but when the product arrived I realised it was all wrong," he says. "I thought the worst thing I could do was damage the brand to women." The all-male board then hired female heads of product, marketing, production and sales, and took a year to rethink and relaunch.

Adding products

By the time the company went public in 2005, it had surpassed \$2 million in sales. Its shares doubled their offering price on the day of the flotation with Mr Plank retaining the majority. The outside investment meant it could branch into more categories, including shoes in 2006. Although Mr Plank is keen to say the company hasn't invented its defining product yet, the launch of the Speedform running shoe in 2013 might have come close. Made from the same material, and in the same factory, as bra cups, the novel shoe boosted footwear sales 45% last year.

His strategy is bearing fruit: in March 2015 Under Armour reported its 20th consecutive quarter of double-digit growth. Full-year sales for 2014 rose 32% over 2013 to \$3.1 billion – \$2.3 billion from apparel, \$431 million from footwear and \$275 million from accessories. The company now sponsors UK-based football team Tottenham Hotspurs and Brazil's São Paulo, as well as UK tennis player Andy Murray, all part of a strategy to boost its standing outside of the US. International revenues grew 96% year-over-year,

and now represent 9% of the total.

At the start of this year, the company set out on a different path, signing a deal with technology group HTC to advance ambitions in wearable technology. In February it bought fitness apps Endomondo and MyFitnessPal, and now owns the “world’s largest community” of online fitness users. “I knew we wanted to be in that space but with the credibility of a user community of 120 million; now we’re signing 50,000 people per day.”

In March it opened a digital headquarters, Connected Fitness, in Texas, housing 100 engineers, scientists and designers and which is expected to grow “substantially” by the end of the year. One of the ideas is that as well as monitoring performance for sport, wearable tech will be part of everyday life and offer health benefits. Data collected from workouts will be stored in The Cloud [wireless internet] and be accessible by health professionals. “The Under Armour of the future is not going to be a company that makes

sweatshirts and sneakers – we will continue to make them but they will be the most innovative and technologically beneficial, and the way we’ll approach that will be through a whole host of proactive things,” he says. “Wearable tech is incredibly real, I don’t think anyone has cracked the code yet. Stay tuned.” 

Kevin Plank’s Under Armour is becoming a serious rival to the sports brand elite.

 Under Armour

