Spyder active sports essay sample

Finance, Investment

Case Summary: David Jacobs founded Spyder Active Sports in 1978 as a mail order producer of high-end ski sweaters. In the early days of the company, Jacobs sold his stock in Spyder to Hanson Industries. When Hanson faced financial distress in 1982, Jacobs was forced to join forces with his Japanese contract manufacturer Tsunehisa Shimokubo to save Spyder. Positioned as a premium producer of skiwear, Spyder developed proprietary fibers and, in 1988, secured sponsorship of the U. S. Ski Team, which gave the brand great visibility. By 1995, sales growth was relatively flat, and there was no decisive growth strategy. The company had been virtually the only player in the niche high-end ski gear market, but management began to see competitors entering this space.

After consulting a group of advisors, Jacobs decided that he needed to sell either part or all of the company to build a larger capital base from which to move the company to the next level. A deal was struck with CHB Capital Partners (a private equity fund with a “ low-volume, high-touch” strategy that billed itself as competing with its expertise, not its money). (See page 6 for details of the deal.) Several key organizational changes followed the partnership with CHB: (1) The company invested in a state-of-the-art IT system; this was critical for helping the company transition to bigger accounts. (2) John Walbrecht was hired as the senior marketing executive; Welbrecht was critical to the company’s success and helped transition Spyder to a marketing-driven firm. (3) Spyder developed a “ fixture program” with many of its retailers through which its products were given dedicated floor space in department stores. (4) The firm developed a much more rigorous strategic planning process.

The initiatives and others resulted in significant revenue growth. The time of the case is 2004, and CHB wants to exit its position in Spyder. Jacobs now has to consider his options.

Key Facts/Terms/Questions

sell through rate: a calculation, commonly represented as a percentage, comparing the amount of inventory a retailer receives from a manufacturer or supplier against what is actually sold to the consumer (http://retail. about. com/od/retailglossarys/g/sell-through. htm)

Seven Steps to Analyzing Financial Information in TEM Cases: a copy of the summary slide from this deck posted on the course platform is pasted below the questions in case you don’t want to print another sheet.