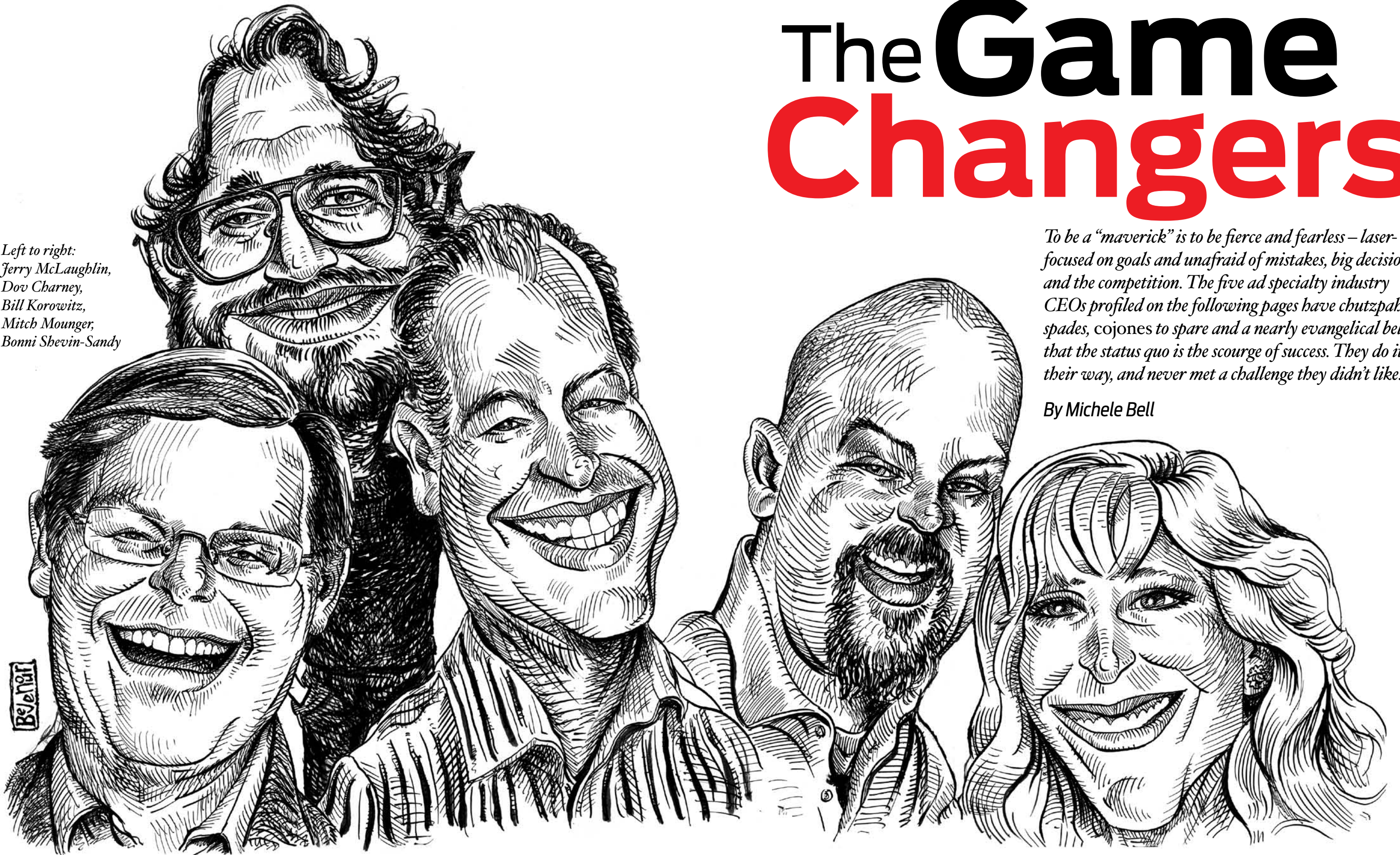


The Game Changers

Left to right:
Jerry McLaughlin,
Dov Charney,
Bill Korowitz,
Mitch Mounger,
Bonni Shevin-Sandy

To be a “maverick” is to be fierce and fearless – laser-focused on goals and unafraid of mistakes, big decisions and the competition. The five ad specialty industry CEOs profiled on the following pages have chutzpah in spades, cojones to spare and a nearly evangelical belief that the status quo is the scourge of success. They do it their way, and never met a challenge they didn’t like.

By Michele Bell





Dov Charney American Apparel

Perhaps the best place to start, when considering Dov Charney, is his taste in decorating. When he was first interviewed for a *Counselor* magazine profile in 2004, there stood – in almost truculent defiance – in front of his modest Echo Park, CA home, a five-foot sculpture of a hand giving the finger. Rarely has a yard so clearly broadcast the personality of its owner.

By now, of course, the stories about Charney are legendary: his supposed dalliances with young, female staffers, quotes in the national press that border on Tourettic and a near medical incapability to sit still and keep quiet. And he, with that mouth on him, seemed to revel in every weapons-grade weird moment, every eye-roll-inducing *SNL* parody.

But as many times as his company has danced on the precipice of bankruptcy, it – like its founder and CEO – rebounds. American Apparel recently closed a private offering of the \$206 million principal amount of its 13% senior secured notes due in 2020. It also entered into a new \$35 million five-year asset-backed revolving credit deal with Capital One Bank and used the net proceeds from the offering of notes, together with borrowings from the new credit line, to repay and terminate its prior credit

facilities with Lion Capital LLC and Crystal Financial LLC.

After talk of bankruptcy circulated around the supplier in 2011 following an \$86 million loss in 2010, American Apparel has orchestrated a steady rebound in its operations. While the company's overall revenues have also grown, its performance specifically in the North American ad specialty market showed marked improvement: Revenue increased 7.3% to nearly \$97 million. That gain followed a 2011 in which sales rose 1.8% to \$90.2 million.

Because really, here's the thing about Dov Charney, *Counselor*'s Person of the Year in 2004 and arguably one of the most innovative marketers in the world: He may be profoundly insane, but he's also prodigiously talented, single-handedly creating that American Apparel "look" for catalog and print ads showing young, unconventionally attractive urban models that's been duplicated so many times over by competitors. And he's never, ever boring. (We invite you to consider that when he took American Apparel public, he wanted to toss thongs out to the traders on the NYSE floor ... The Powers That Be were not amused.)

What he told us in *Counselor* magazine so insouciantly nine years ago still stands today: "My employees rock, my products rock, my business is up in a slow economy and I'm surrounded all day by beautiful girls wearing my clothes. What the hell do I care what people think of me?"

promotional items, and others said online will quickly take over the entire industry," he says. "Obviously, both predictions were wrong." Without question, McLaughlin's prescient pronouncements have aged well in the cask.

And mistakes? They made a few. "We didn't take product pricing seriously enough, early enough," McLaughlin acknowledges. "Today, we're the lowest-priced source for any promotional item we carry anywhere in the U.S. But we didn't hit price hard until 2008. Before that, we worked to be 'price competitive.' Today, we set the lowest price available anywhere in the market. We have a cost structure that allows us to do that very profitably."

McLaughlin has some specific, pointed advice for other entrepreneurs in the industry who may have a unique business model or idea. "In our experience, very few people cheer on a business model innovator – expect to walk alone for years," McLaughlin says. "On that walk be flexible, frugal, patient and then, fanatical. Be flexible because much of what you try won't work. You'll have to learn as you go and revise your plan accordingly. Be patient because business model innovation growth is rarely explosive in the early years."

And fanaticism, he maintains, is essential once you have the idea figured out and you've proven that it works. "At that point, pursue the essence of your unique business model fanatically – wherever it leads you."



Bonni Shevin-Sandy Dard Design International

"Innovation. Creativity. Uniqueness." It's the tagline of Dard Design International (DDI), but it does a fair job describing what its president and CEO, Bonni Shevin-Sandy, brings to the table as well.

Rewind to 2001, when she opened up the import division within Dard and called it Dard Design International (DDI). "I grew it double digits every year," Shevin-Sandy says. "DDI does a large portion of business in import sales, so I partnered with a design house and then opened a Hong Kong office. In addition, I was in charge of product development, so I've designed hundreds of items and patented over 40 worldwide."

Dard Design was officially incorporated in March of 2011, and at that time the company was generating a seven-figure sales revenue. Shevin-Sandy had started doing custom work in the overseas marketplace 10 years earlier, as an offshoot of *Counselor* Top 40 supplier Dard Products, the third-generation company her family owns. But soon Dard Design became her sole focus and passion, and she made the unusual decision to separate it from the parent company.

When she started her company, in response to the Pharma

crackdown on ad specialty sales, there were many in the industry – a few who share her last name – who told her she didn't know enough about the custom and international markets to be a success. Wisely, she plowed ahead and, with her very first sale under the DDI banner coming in at \$1 million, she routed the doubters.

That's classic Sandy – she has never been one to sit back complacently and accept the way things are; she's always pushing forward and asking why they can't be done a different way. She has an innate ability to embrace risk and the possibility of failure, and succeed in spite of it. DDI was one of the few U.S. suppliers to be given a booth at the Hong Kong Gift & Premiums Show, where exhibitors notoriously fight for space, and recently went through the complicated and onerous task of becoming a Certified Woman Owned Business last year.

She's overseas about six weeks out of the year, and despite a global economy that can most charitably be described as "tumultuous," Shevin-Sandy's gift for selling remains. "There are always opportunities, and every time I go overseas I make new connections and come back with new international clients," she says. "We're designing and creating products for clients worldwide and have recently been approached to partner on some very exciting joint ventures. Right now, we're manufacturing, warehousing, fulfilling and shipping to more than 48 countries." Is her plan working? Apparently, as DDI tripled its revenue in 2012.



Jerry McLaughlin Branders.com

To start a brand-new business model, one that people rail against as the harbinger of the end of an industry, and cultivate it into a successful entity that grows while others have failed, is surely the definition of an entrepreneurial endeavor.

It's also the story of Jerry McLaughlin and his company, Branders.com., which was the first and, at nearly \$130 million in sales in 2012, one of the largest of the upstart online start-ups.

McLaughlin and his partners started Branders.com – an online distributorship where end-users could engage in the buying process from start to finish at the lowest pricing available – in 1999. Back then, lest anyone forget, most people in the industry were terrified that the Internet would end The Industry As We Know It.

Well, not so much. As we've all learned in the subsequent decade-plus since then, it was the economy – not online businesses – that did the most damage to the industry.

McLaughlin, Branders' chairman/CEO, agrees that the initial reaction to the company among industry veterans was polarized. "Some said online would never work because customers value seeing their reps too much to ever shop on the Internet for



Bill Korowitz Magnet LLC

To get to the heart of *Counselor* Top 40 supplier Magnet – this year's *Counselor* Supplier of the Year – and what makes it tick, you need look no further than its owner and CEO, Bill Korowitz, who, at 6' 5," gives new meaning to the phrase "larger than life" on a multitude of levels. The Spanish word *duende* means to have a magnetic charisma, and to attract others to you through sheer force of will. That's Bill Korowitz.

With a background as a trained economist and a rapier wit that can best be described as Oscar Wilde-esque, Korowitz is about as far from the traditional, cookie-cutter, by-the-book CEO as you can get. Think Southwest Airlines' legendary founder Herb Kelleher, with a side of Richard Branson's sarcastic sass thrown in for good measure.

"I came from a business crazier than this one – direct mail – which was extremely aggressive," Korowitz says. "I think I brought a sense of speed to the company – it used to take a month to do a million magnets. Now we can do an order for tomorrow, like, yesterday."

The company's growth and success is undeniable, with a 7% bump in sales from 2011 to 2012, an increase from \$74.7 million to \$79.9 million – and Magnet is on track to exceed that. "Our sales are up and picking up speed," Korowitz says. "We're anticipating a strong 2013 across all of our brands."

Today, the company has 368 total employees, 30 of whom are customer service reps. Magnet LLC alone processes 500 orders a day with an order accuracy rate of 99.5%, selling about 300,000,000 magnets a year. "That's not a typo," Korowitz points out.

And has the man who's steered Magnet LLC to becoming 2013's Supplier of the Year made any faux pas? You betcha. "In retrospect, I do think buying five companies and launching two new brands in 18 months in the late 90s was a tad aggressive," Korowitz says, also conceding that his personality – and ability to sling the salty zingers – isn't the most conventional. "Listen, I tend to speak my mind in a clear, simple way without a lot of Harvard business-speak, and all of my employees know they can come to me directly with ideas and suggestions – a lot of which we use. But I'm definitely not your typical CEO," he laughs. "Can you just say nice things about me and make me seem smarter than I am?"



Mitch Mounger Sunrise Identity

There was a moment, at PPAI's North American Leadership Conference last year in New Orleans, when something was said from the stage that was so shocking, jaws dropped and the people in attendance – typically the most outspoken in the industry – sat in stunned silence.

What was almost as surprising was the person who said it: Mitch Mounger, the soft-spoken head of a mid-sized distributor, is hardly viewed as an industry rabble-rouser or upstart. Yet what he said shows just how truly forward-thinking and entrepreneurial he is. "I share all aspects of the company's financials with all my employees," he told the room of 100-plus industry heavy-hitters. "I tell them how much the company makes, if we're having a good month or a bad one. They also know how much money I make."

Just how unusual a business decision that was for the CEO

of a multimillion dollar entity wasn't lost on anyone in the room. And why would Mounger choose to open the company's kimono to reveal its finances? "Transparency," he said simply. "It has made all the difference and definitely helped the company grow. My employees now take ownership of everything involved in the company because they're acutely aware of where we stand and what's at stake. Ultimately, everyone wants to be part of a winning team."

His Seattle-based company, Sunrise Identity, grew its sales from \$25 million in 2011 to \$27 million in 2012, and routinely wins accolades for its unabashedly quirky culture, being ranked first on *Counselor's* Best Places to Work list in 2010 and ranking in the top five thereafter. With its love of canines and cocktails in the office in equal measure, the staff clearly takes its cue from Mounger, whose preternaturally calm disposition shows that not every enigmatic CEO has to have Charney's frenetic nature.

And Mounger, of all the CEOs we profiled, may have the best advice ever – delivered with his trademark deadpan wit – when asked what it takes to be a good boss: "Just don't be a dick."

One to Watch



Michael Bernstein Polyconcept

If you're looking for the industry's biggest enigma, look no further than Michael Bernstein. On one hand, at only the age of 45, he's the head of a billion-dollar global entity that does business on every continent ("except Antarctica") and oversees nearly 4,000 employees. On the other, he's a flip-flop-wearing Deadhead who, if he had his druthers, would spend his days working in the music business and his nights playing guitar. He also loathes – to the depths of his soul – being in the spotlight.

But when Investcorp, the company that owns *Counselor* Top 40 supplier Polyconcept, tapped him about 18 months ago to run the company, that's exactly where he found himself, charged with the task of making Polyconcept more streamlined and profitable. It wasn't such a stretch for him, as he ran Leed's – the company his father co-founded – for years. But five years ago he left the industry completely, happily involved in his boutique guitar-building company and reveling in relative anonymity, though he retained a place on Polyconcept's board.

That he's back in the industry speaks to how much he revels in a challenge, if not the obligatory higher-profile that comes with it. In his typical under-the-radar way, he's made decisions that have had broad implications for the company, including pulling PF Concept – the company's European arm – out of the PSI Düsseldorf Show, where it had been the largest exhibitor by far, to save money and because he was unconvinced of the value of trade shows. Many scratched their heads and questioned his judgment. Not only didn't Bernstein budge, but other big-name exhibitors followed suit. He moved Polyconcept's headquarters from the *très* chic and, consequently, expensive, Rue Saint-Honoré – some of the priciest real estate in Paris – to Pittsburgh, combining all the Polyconcept entities under one roof. His cost-cutting is making the company's investors happy, as PCNA's sales grew from \$421 million in 2011 to \$443 million in 2012. The European side of the business is trickier, however, due to the unprecedented economic turmoil throughout the continent. To see how Bernstein, the industry's most idiosyncratic CEO, handles that particular conundrum will be fascinating to watch. 🌐

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