

**Major assignment 2**

**Essay**

**Discussion of Company Innovation**

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## The Globe Skate & Surf Company

The company Globe is little known in the main stream circles, yet in its niche market of board sports its is one of the largest and most established companies in its field. The business concept, we could say were most humble to begin with initially.

The founders of the company, built this company from their passion of their sport, skateboarding by spreading this passion through Australia. I have had the pleasure for being involved in producing some minor assignments with this company and upon entering the environment we discover an ethos of hard work with a lot of fun with the hint of old fashioned business encapsulated in a modern and insightful approach for future innovation.

The founders Peter and Stephen have escaped the lime light that is usually associated with a stature of companies formed such as Globe as they were purists who built their company in fashion of true entrepreneurial spirit, meaning building purely for the sake of passion with financial benefits as an after thought. This humble approach has seen the company rise and rise in their market to the point where the company has become a global powerhouse in the board sports field and sponsors world class events and athletes globally on an annual basis. The company provides support and nurtures its talent, letting them remain free from the usual bureaucracy that is associated with branded sponsorship and to concentrate on their passion.

The founders of the company, built it with humble origins, they raised funds by selling their own branded shoes and skate boards from the back of their car trunks at markets and stalls which was also an avenue for promotion. This eventually lead to setting up the company as a small as distribution channel of skate board 'Hardware', the passion was there as skateboarding aside from transport was a means to their lives, so immense energy was put into the physical promotion of not just their company but the sport of skateboarding.

## Business concept innovation

By building this company in such a way, the founders defined a market for skateboarding in Australia and aggressively campaigned it through all channels of expression. As the company expanded and grew it constantly surveyed its market, or in street terms, 'kept its ears to the street'.

The company listened to what its consumers wanted, new brands were created as a response to demand from consumers. The company did not engineer a desire for these brands or the sport through mainstream media channels, they let the consumers of their products become a part of the brand, or take ownership of its direction and built and gave what the people wanted, not what they told the people needed.

*"Globe's genesis came from the simple desire to develop an authentic skate footwear alternative for the action sports market"*

We should note the word 'authentic' in the extract above. Authentic in the manner the company was erected, authentic in the manner of upholding the culture apparent within the company, its consumers and its products. From the expansion of skateboarding, surfing and later, snow sports were introduced in the company's business model. This was developed at timely intervals and introduced and marketed gradually to achieve synergy within the company and its existing brands. From board hardware, a clothing label was deployed, which was once again requested by the consumers, so it was made for the consumers of the consumers.

The people employed by the company are active participants of board sports so there is a real and authentic thought that goes into the products it develops. The company founders are approachable to the point that they are referred to quite frequently on all aspects of the company and decision making.

Globe has sought to define and project its propriety and licensed brands on a global scale, which has led to setting up offices and distribution points in major continent bodies. From expanding operations, through to down-sizing its operations it has gone back to its core business of board sports and had set an agenda to obtain a highly efficient system of operating the company globally. New markets which have been opened have been expanded upon in terms of brand awareness and marketing. There are three main sectors of business as defined in the business model which is apparent in the company's annual report, being, North America, Australia - New Zealand and Europe, the latter being the most challenging to expand the brand upon.

## Business model development

Initially the business model of Globe was to expand operations via acquisition of propriety and licensed brands, this lead to the company and its resources being stretched to the limits, a monster too big to contain. The strain could be seen soon after its rapid rise and by becoming a publicly listed company limited by shares. Its a classic example of a company with quick growth over a short time line, which has little time to prepare infrastructure for the peak operational performance which happens quite suddenly. Credit must be given to the board of directors and the company managerial departments as well as the employees who managed to ride the wave up and over the peak spontaneous growth period. The following time period saw the market and finances in disarray, as an after shock to the rapid growth period where the company just operated to keep ahead it self.

After the following twos years the company strategy changed due to the directors identifying the true impact of the spontaneous growth. The company has become exorbitant in all manner of resources, although still functioning but at a mental loss. The founders saw that their company had started to slide away from its founding values, mission and ethos so they called for drastic decisions. Globe sold all non-proprietary brands to Pacific Brands and larger company who had the infrastructure to handle a multitude of brands in the year 2007.

With this, the company contracted into the entity of its former self, and began to concentrate once again on its core company values and products. Once again, Globe became a company for board sports first and foremost, then an apparel company which it had started to become in the instance of rapid growth and expansion. Here we see, the concepts of innovation, a re development of the business model and the drive of entrepreneurial culture and spirit which shows the measure and result of entrepreneurial performance.

## **An entrepreneurial culture or spirit**

We see this in the form of managing the company in a time of great strain on resources and coming out on top or at least a manageable model, we see that the problem was identified that the company had begun to consume large amounts of energy and resources which was directly impacting in the vision of the company. This would eventually lead to discrediting the company and its installation base of consumers as the company was not following its own vision which would directly influence, the company environment, its employees, directors, products and consumers. An executive decision was made to down-size the operation and take it back to the core vision and this was achieved successfully before any permanent damage was inflicted on the company, its image and brand.

In a usual scenario, this would be the beginning of a long struggle by a company which has expanded its operations, rather than to take the most simple approach and down-size, the first instinct is usually to appoint a board of analysts and marketing gurus to prop the company back up, similar to the say 'beating a dead horse'. In this scenario instead of solving the problems of the company, this act usually puts more burden onto an already strained company with more employees, more decisions to manage and everyone being accurate with facts and figures based assessments, this is a tell tale sign or forecast of liquidation.

The directors of Globe showed true leadership and a 'grab the bull by the horns' approach, they identified the problem and rather than bloating an already unstable system, they simplified it to a more manageable size. The means of generating large funds and an cumbersome system was dropped in favour of a smaller and highly efficient system that concentrated on the company's vision. Globe has achieved amnesty from further turmoil by simplifying and it worked. The core company is like the intellect of the brand, if the intellect is not preserved then the company could not exist in any form. This took a great deal of team work and effort with minimum loss of staff, resources and downtime if any in the production and retail chain. The company now has the opportunity to build upon the minimised system so when it eventually expands once again it would have the systems in place which will negate the possibility of down-sizing operations again, rather proceed to expand while maintaining a steady pace and adding value to its brands and vision and unlocking and defining new markets as it set out to do initially.

## **Methods to measure entrepreneurial performance.**

If I were to assess the company on innovative or entrepreneurial development and progress then it would be along the lines of a points based system or a scale of one to ten. For innovation, I would give Globe a nine out of ten, theoretically the score of nine being one hundred percent, as we cannot quote one hundred percent as apparently, its impossible for something to be perfect, right ? This would be given on the merits of two simple men, single-handedly defined and built a global company out of passion and from the back of their car.

For entrepreneurial development I would also award the company a nine out of ten, firstly on their ability to maintain their business in peak expansion time and secondly on their ability to define and forecast a problem in their operations systems before it escalated and thirdly in taking the intuitive approach of down-sizing the company and taking it back to its core values to save the essence of the company before it was destroyed.

I quite like this example of the Globe Skate and Surf company as its not a conglomerate international brand, it was born and bred in Australia, which adds an aspect of being humble in approach, the company as a whole is the vision of the founders and it was built by simple people. This should be an inspiration to aspiring entrepreneurs which is much closer to home and is real to touch and feel. It shows the power of a little passion followed through which is often lacking in companies which have reached a higher level and are lacking that little something called passion. Maybe they should take a page out of Globe's book and get back to the heart of the matter, rather than try and beat that dying horse.

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