



Serious About Retail Fun

Youthful co-founders grow Steve & Barry's into a mature powerhouse

With 20 stores opening in 14 states during the month of October, it was amazing that Steve Shore and Barry Prevor, co-founders of the superstore phenomenon that bears their names, had time to talk with *Chain Store Age*—much less pose for the cover photo. It probably helped that Shore has been a *CSA* reader for more than 20 years, starting when he was a student at Tulane University where a friend shared copies of the magazine with him.

Flashbacks to Dr. Hook's 1972 hit "Cover of The Rolling Stone" leaped to mind, as Shore quipped during the interview that he always wondered when Steve & Barry's would be taken seriously by the retail industry.

"When we had one store, I used to think we'd be taken seriously when we had five stores or maybe 10 stores," said Shore. "Today we have 155 stores, and by the end of the year we'll have 195 stores, so maybe 200 is the number when the industry notices us."

In fact, the industry has already taken note. With 70% annual sales growth over the last 10 years, stores in 33 states and plans to open more than 100 units in 2007, the first question Shore and Prevor are asked is either, "When are you opening a store

Steve Shore

TITLE: President

Barry Prevor

TITLE: Chairman

COMPANY: Steve & Barry's University Sportswear

HEADQUARTERS: Port Washington, N.Y.

ANNUAL SALES: \$700 million (projected 2006*)

TYPE OF BUSINESS: Sells private-label, casual clothing for men, women and children at value prices in a super-store format

NUMBER OF STORES: 195

AREAS OF OPERATION: 33 states

*Source: America's Corporate Finance Directory, Oct. 30, 2006, Reed Elsevier, Inc.

in my market?" or "When will your company launch an IPO?"

As a private company, Steve & Barry's does not disclose its actual sales, nor does it speculate on the possibility of going public. However, according to America's Corporate Finance Directory, sales are projected to reach \$700 million this year.

Shore and Prevor have been retail partners for more than 25 years—quite an accomplishment considering they are both only 43 now. They started screen-printing T-shirts and selling them at flea markets around Long Island, N.Y., and New Jersey when they were 16, and stayed with it during the summers of their college years. The partners kept inventories to a bare minimum. Their only capital investment was a \$300 van that broke down repeatedly.

"When we were young it was extremely hands-on," Shore said. "We were buying every shirt, printing them ourselves, getting ink all over our hands, working in hot warehouses, carrying all the boxes, driving the truck—it was all about having fun, making money and creating something new."

Actually, we still have those same goals today; it's just the execution that is different."

They never planned to remain in the T-shirt business. "We both thought at the



Barry Prevor, left, and Steve Shore in 1998, at the opening of their first mall-based store, in Auburn Hills, Mich.



COVER PHOTO: JACK MCCOY

end of college we'd get out of the flea-market T-shirt business and get real jobs," explained Prevor, a graduate of University of Pennsylvania, where the original Steve & Barry's store opened in 1985.

Their first store was intended to be a temporary location for selling out the remainder of their inventory, but opportunities to purchase closeout T-shirts prompted the young entrepreneurs to keep the store open.

"Closeouts are no longer part of our strategy, but the idea of buying quality merchandise at a low cost, and selling it at the lowest possible price without adding any fat, is still the core principle of our business," Prevor added.

"We don't charge what the market can bear, we charge the absolute lowest price we can," echoed Shore. "That price-value is what really makes our stores unique



and is the reason customers will drive one to three hours to shop at Steve & Barry's."

Virtually 100% of the merchandise sold at Steve & Barry's is private label. The goods, which range from T-shirts and jeans to down parkas and athletic shoes, are priced very low and sold in a superstore format (stores average 50,000 sq. ft., but some locations are much larger). Over the years, the partners have built a team of specialists

The polished superstore format and super-low prices of Steve & Barry's deliver the unbeatable value-price expectation of founders Barry Prevor, left, and Steve Shore.

with professional expertise in every aspect of the business, from construction and design to merchandising and fabrics. Now, Shore and Prevor concentrate their time on guiding and shaping the company, and building a corporate infrastructure to stay ahead of their growth curve.

"Our existing systems can serve over 1,000 stores, but we have the potential to grow to more than 5,000 stores," predicted Prevor.

Asked what they do to relax, Shore and Prevor claimed their work is so enjoyable it's more like a hobby—and they are still having fun, making money and creating new retail energy. ■



Retail Entrepreneurs of the Year

Erik Saltvold, 42, is one of the lucky ones. He figured out early on what he wanted to do and stuck with it. Starting with a makeshift store in an old barn, he developed his business into a nationally honored specialty-bicycle retailer. In biking circles, Eric Saltvold is the real deal.

"I was 13 when someone gave me a hand-me-down girl's bike," Saltvold said. "I fixed it up and converted it to a boy's bike, and that really sparked my interest in bikes. Shortly after, I took money saved from my paper route, bought 150 used bikes, fixed them up and sold them from a barn in my parents' backyard."

Saltvold ran his fledgling business as part of his high school's work-for-credit



At 13, Erik Saltvold opened a bike shop with his paper-route earnings.

program. As sales grew, he added new bikes and accessories to the mix. In 1982, the 18-year-old Saltvold, a high-school senior, opened a store in his hometown. He hasn't looked back since.

"I went to college after high school, but dropped out after one semester," Saltvold said. "It wasn't for me. My passion was—is—bikes and riding."

Erik Saltvold

TITLE: Founder and CEO

COMPANY: Erik's Bike Shop

HEADQUARTERS: Bloomington, Minn.

ANNUAL SALES: \$20 million (est. 2006)

TYPE OF BUSINESS: Specialty bike shops that also sell snowboards and skateboards

NUMBER OF STORES: 12

AREAS OF OPERATION: Minnesota and Wisconsin

The business gave him all the education he needed.

"I made a lot of mistakes, which I learned from as I went along," Saltvold said. "I was lucky because the business was small and I didn't have much to lose."

In 1990, he opened a second store, primarily to give his employees more opportunity. Others followed.

"I never set a goal of having a certain number of stores by a certain time," Saltvold said. "I just look at the opportunities as they come up. A comfortable pace is three new stores a year, at the most."

The product mix has grown along with the business. Although bikes remain the main focus (with 220 different models featured, or 1,500 to 2,000 SKUs), snowboards and skateboards help round things out.

"Biking isn't a year-round sport in Minnesota, and business would slow down considerably in the winter months," Saltvold explained. "We tried some different things, but snowboarding and skateboarding proved the best fit with our staff and customers."

Erik's Bike Shop has never had a losing year financially. Saltvold credits the company's culture (he's a big believer in staff training and promoting from within) as a big driver in its success.

"I work the front lines every weekend in season, so I can see everything that is going on," he added. "Keeping in touch like this, knowing all aspects of the business, along with our culture and systems, has allowed us to grow and maintain profitability over the years."

As for advice, Saltvold said it all comes down to finding your passion.

"If you can find something you are passionate about, then it's not work," he said. "It's fun." ■



Great ideas oftentimes start small and launch through a back door. Such was the case with Keurig Premium Coffee Systems, the maker of a single-cup gourmet-coffee brewing system. It launched its first brewer in 1998, in the office coffee market.

Rave reviews of the system, which requires use of Keurig's proprietary packaging K-cup coffee packs sold by licensed roasters, eventually led to on-line sales in 2003 and development of a consumer brewer the following year. Today, Keurig claims a No. 2 share among four major brands in consumer single-serve brewer sales.

"Our determination to deal with the problems and challenges that confronted us and do whatever it took allowed us to compete successfully with the multi-billion-dollar competitors in this product
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Nick Lazaris

TITLE: President and CEO

COMPANY: Keurig Premium Coffee Systems

HEADQUARTERS: Wakefield, Mass.

ANNUAL SALES: \$61 million (calendar 2005)

TYPE OF BUSINESS: Proprietary single-cup gourmet-coffee brewing system manufacturer and on-line retailer

AREAS OF OPERATION: Products are sold in the United States and Canada, and in Japan through a joint venture



In Celebration of Excellence

For two decades, the Ernst & Young Entrepreneur of the Year (EOY) awards have honored the vision, leadership and achievements of entrepreneurial men and women, chronicling their capacity to transform entire organizations, create new industries and products, and contribute to the vibrancy of the national economy.

The program was created by professional services firm Ernst & Young LLP as a way to honor, and bring recognition to, outstanding entrepreneurs who are building and leading dynamic and growing businesses. From the first event, held in Milwaukee in 1986, the EOY awards have expanded to more than 125 cities in 35 countries around the globe, with awards presented annually to more than 900 of the world's most successful and innovative entrepreneurs. Each year, thousands of individuals vie for the prestigious honor.

Chain Store Age became the exclusive sponsor of the U.S. retail awards category in 1990.

Methodology: The EOY award criteria include financial growth, company history, current state of development, future prospects, business leadership, team management and community involvement. The judges also take into account an entrepreneur's vision and motivation, along with other nonquantifiable but important factors. The end result is that a retailer does not have to be the fastest-growing, most profitable or largest to qualify for an award.

To be nominated, an individual must be an owner/manager of a privately held company that is at least two years old, and be primarily responsible for the performance of the company. Owners of public companies are also eligible, provided they are still active in top management.

In addition, anyone who has made an outstanding contribution to the entrepreneurial spirit or helped an entrepreneur become successful is eligible for the National Supporter of Entrepreneurship Award.

The yearlong award process gets under way in January, when nominations are solicited nationwide. (Nominations can be made by anyone associated with a successful entrepreneur, including employees, public-relations managers, spouses and entrepreneurs themselves.) Finalists are interviewed to discuss their nomination information.

As the next step in the process, a local, independent judging panel of business and civic leaders selects categories and award recipients. Winners are honored at regional awards events during the month of June.

In November, past and present Entrepreneur of the Year award winners from around the world are invited to attend the Ernst & Young Entrepreneur of the Year Awards, where all current-year regional winners are inducted into the Entrepreneur Hall of Fame. The program includes networking activities, guest speakers and business discussions of issues facing entrepreneurs nationally and globally.

The program culminates with the national awards gala, where the national finalists and winners, and the overall Entrepreneur of the Year winner, are named. This year, an independent national judging panel selected national awards in 10 categories. The event was held in Palm Springs, Calif.

To nominate yourself or someone else for the annual Ernst & Young Entrepreneur of the Year award in 2007, call (800) 755-AWARD, or visit the Entrepreneur of the Year Web site at www.ey.com/us/eoy. Deadline for entries is March 30, 2007. ■





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Nick Lazaris brewed up success by merging technology and marketing.

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category,” said Nick Lazaris, president and CEO of Keurig, who was recruited in 1997 to help get the initial Keurig coffee system to market.

The Keurig system uses small sealed plastic cups of freshly roasted coffee that preserve freshness by removing oxygen from the K-cup packaging. Eleven different brands of coffee and tea in K-cups are sold by licensed roasters, including Green Mountain Coffee Roasters, which acquired Keurig this past summer. The Keurig single-serve brewers are sold on line by Keurig and at various retail chains.

Lazaris, 56, describes Keurig as a technology company in the coffee industry, with more than a third of its employees holding engineering degrees. Merging the technology and marketing functions is Lazaris’ mission, all toward a goal of growing sales and profits.

Ambition and hard work are second nature for Lazaris. His entrepreneurial instinct began at an early age with a paper route that evolved during college into organizing a food cooperative and operating a furniture concession. After spending much of his career working for others, a headhunter’s call about the

Keurig opening renewed his entrepreneurial spirit.

“Once involved, it was a self-reinforcing cycle as I and others felt we were creating something out of nothing and impacting people’s lives positively,” he said. “Now, more than 1 million cups of coffee are brewed on Keurig systems every day.” ■



Becky Lunceford

TITLE: Founder and chairwoman

COMPANY: For Every Body

HEADQUARTERS: Lindon, Utah

ANNUAL SALES: More than \$20 million

TYPE OF BUSINESS: Manufacturer, distributor and retailer of candles and bath and body products

NUMBER OF STORES: Four

AREA OF OPERATION: Nationwide

Becky Lunceford began her company in 1995 to teach her four daughters the value of hard work. Working side-by-side with them in her kitchen, she started making all-natural bath and body products (Lunceford had studied chemistry in college). She opened a small shop to sell her products shortly afterward. The fledgling business, For Every Body, flourished, and its emphasis shifted from lotions to candles with delicious scents and exclusive toppings.

Today, For Every Body is regarded as one of the country’s fastest-growing fragrance-products companies. Its goods are carried in stores across America and are also sold direct through its own stores, Web site and at home parties. The founder, who stepped down as CEO of the company in September (she remains active in marketing and product-development efforts), attributed a good deal of her success to her hard-working team.

“We really pull together and make things work,” Lunceford, 46, said. “I always tell my employees to not bring me problems, but to bring me solutions. If someone has a problem, I ask them to

think it through first, and they go out on that limb to make things happen.”

While there have been plenty of bumps along the way, Lunceford said she never once stopped trying.

“The best advice I’ve ever gotten is that for every yes, you may get 10 no’s,” she added. “But even still, just don’t give up. I’d also tell aspiring entrepreneurs to be passionate and dream big.”

When not working, Lunceford said she loves to shop with her daughters, who are between the ages of 18 to 26. Despite working long hours, she always made time for her children.

“There were times where I would leave work to go tuck in the girls and then head back to the office until 3 a.m.,” she recalled. “I also took a lot of red-eyes so I could be home when they woke up.”

When Lunceford started the business, she was determined that she never wanted to look back with any regrets. Consequently, she said, there was a lot of juggling.



Becky Lunceford started manufacturing all-natural products in her kitchen.

“But the only thing I really sacrificed was sleep,” Lunceford said.

Lunceford remembers rushing home from work to watch her children’s basketball games. She was always there on prom night and tried never to miss their signature Monday-night dinners.

“When my youngest daughter graduated from high school this year, it was



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great because I knew that I never missed anything," she said.

And although the demands of the business can still take her far away from home, Lunceford is hardly out of reach.

"Technology makes it very easy to stay in touch," she said. "With a BlackBerry and text messaging, I'm still around when I'm not around." ■



Jeanette Lynton

TITLE: Founder and CEO

COMPANY: Close To My Heart

HEADQUARTERS: Pleasant Grove, Utah

ANNUAL SALES: \$50 million-plus

TYPE OF BUSINESS: Manufacturer and direct-sales marketer of scrapbooking and stamping products

AREAS OF OPERATION: Nationwide and Canada



Jeanette Lynton turned a passion for scrapbooking into a \$50 million business.

Jeanette Lynton built a lucrative career by helping people preserve their memories. As founder of Close To My Heart, she heads up a multimillion-dollar business that designs, manufactures and sells its own exclusive lines of scrapbooking products and decorative stamps. The company's wares are sold by sales consult-

ants at home parties throughout the United States and Canada.

"The direct-sales model was second nature to me," Lynton said. "My mother sold Tupperware when I was growing up, and I did too for a time."

Lynton started out in 1984 when she founded a direct-sales decorative-rubber-stamp company.

"I got inspired when I came across this particular stamp that reminded me of my childhood," she said. "I discovered that decorative stamps went very well with scrapbooking, which I started doing back in the 1970s, and I decided to buy more. One thing led to another, and soon I was in business selling stamps."

In 1990, Lynton founded D.O.T.S. (Dozens of Terrific Stamps), which featured her own stamp designs. In 1996, she introduced an exclusive line of scrapbooking products and techniques under the "Close To My Heart" logo. She combined the two lines under the Close To My Heart brand in 2000.

The company has been on an upward trajectory ever since. Although the boom in scrapbooking has certainly helped, Lynton attributes her success largely to her talented staff and innovative product. In what has become a very competitive market with many niche players, Close To My Heart is flourishing.

"We have been in the forefront of innovations in this industry," Lynton said. "We stay ahead of the curve by creating the trends. We are constantly bringing new ideas to the market."

Close To My Heart is a private company, which is just the way Lynton plans to keep it.

"It's an all-or-nothing thing," she said. "I like running the business."

Similar to most other entrepreneurs, Lynton has experienced her share of setbacks along the way. But she never considered quitting.

"I just kept at it and never gave up,"

she said. "I always found a way to keep going, even in those hard times when I sometimes felt like folding up my tent."

An in-demand speaker at industry events, Lynton is an admired figure in scrapbooking and stamping circles. She is also an author. Her book, "Cherish," was released last December. It's had four print runs.

And even though she has been at it for more than 30 years, Lynton still hasn't lost her passion for scrapbooking.

"I have four children, and my two youngest daughters, who are 11 and 13, really love to scrapbook with me," she said. "It's a good family-get-together activity." ■



Stephanie Allen

TITLE: CEO and President

Tina Kuna

TITLE: CFO and VP

COMPANY: Dream Dinners

HEADQUARTERS: Snohomish, Wash.

ANNUAL SALES: \$51 million (projected 2006)

TYPE OF BUSINESS: Meal-assembly kitchens

NUMBER OF STORES: 210

AREAS OF OPERATION: 31 states

Twenty years ago, Stephanie Allen was a stay-at-home mom who wanted to prepare healthy, home-cooked meals for her family but didn't want to spend an exorbitant amount of time in the kitchen. Her fix-and-freeze dishes satisfied both objectives, and soon all her friends were asking for the recipes.

By 2002, Allen was ready to share, so she rented a commercial kitchen and invited friends to a cooking party. She e-mailed friends, who e-mailed other friends, who invited others, and the small gathering became a crowd overnight.



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Allen expanded her plan to host two cooking sessions a month, and quickly realized she had all the ingredients to start a business. For the one thing she lacked, expertise in financial management, she turned to Tina Kuna, whom she had previously worked with in a

ter franchises,” explained Allen. “Our brand is very personal so we sell individual stores and we screen applicants closely to make sure they have the right personality to own a Dream Dinners kitchen. Sure it’s a business, but it’s all about taking care of people and helping people take care of their families.”

In keeping with the idealistic philosophy, the first question on Dream Dinners’ application is: “If you could wave a magic wand and service your community in any way, what would you do?”

For Allen, her answer is that she wants to help people live more contented lives, which is precisely what Dream Dinners does. It’s all about people nurturing

one another, and the 80 associates in Dream Dinners’ corporate office are there for the purpose of nurturing store owners. When new franchisees come in for week-long training sessions, they don’t stay in hotels, but in a cozy bed-and-breakfast cottage located adjacent to the headquarters.

In 2007, the company expects to open 20 new stores each month, including locations in Canada. Additionally, it is already licensed to expand into all of the European Union countries, as well as New Zealand.

Allen’s advice to fledgling entrepreneurs: “Stay true to your core goals, and when something needs to be done or an idea needs to be developed, just pick up the phone and make it happen.” ■



Stephanie Allen, left, and Tina Kuna co-founded Dream Dinners.

dental practice.

Together, Allen, now 44, and Kuna, now 43, launched Dream Dinners, and opened their first meal-assembly kitchen in a Seattle suburb. In February 2003, *Working Mother* magazine put the two founders on its cover and calls came in from around the country from people wanting to open one of the popular kitchens. In June of that same year, Dream Dinners began franchising stores. Today, there are 210 Dream Dinners locations. In a typical month, the company receives 5,000 applications from hopeful franchisees.

“We decided not to take a mainstream approach so we don’t sell mas-

Patty Brisben

TITLE: Founder and CEO

COMPANY: Pure Romance

HEADQUARTERS: Loveland, Ohio

ANNUAL SALES: \$50 million-plus

TYPE OF BUSINESS: In-home party company, specializing in intimacy products for the bedroom

AREA OF OPERATION: Nationwide

Phil Donahue changed Patty Brisben’s life forever. In 1983, on maternity leave from her job as a medical assistant in a pediatric practice, Brisben, now 51, switched on “The Phil Donahue Show” while her infant daughter Lauren was sleeping. The topic: women who had achieved personal and financial freedom by selling adult bedroom toys at in-home parties. Brisben was fascinated by the discussion.

Inspired by the women’s tales, Brisben ordered her own party-plan kit and, shortly after, invited 40 women over to her home for the party. More parties followed. Within a year, Brisben had left her job at the medical practice to pursue her new career full time.

Brisben took her time moving up the ladder, mastering the skills needed for in-home party planning and direct sales as she went along. She spent 10 years with Fun Parties, an established intimacy-products party company, where she was one of the top salespeople. In 1993, she and a partner launched Slumber Parties. In 2002, Brisben stepped out on her own and founded Pure Romance. Offering an exclusive lineup of intimacy products that range from massage oils and sexy lingerie to how-to manuals and candles, the company has flourished. Sales rose 250% during the past three years.

As much as financial success, Pure Romance has provided Brisben with an outlet for her passion about women’s issues.

“I am very proud of our SSS Program—Sensuality, Sexuality & Survival—developed for women with breast cancer,” she said. “We have created our



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own pink-ribbon line of intimacy items altered, specifically, by removing scents and flavorings, for cancer survivors.”

As part of the program, specially trained Pure Romance consultants work with groups that provide support and intimacy guidance to women with breast cancer. The team also works on the college level with human-sexuality classes.

“We are more than a party planner. We are educators of women,” Brisben said.

Pure Romance works closely with manufacturers to provide product direction and customize ingredients—and it does so under Brisben’s watchful eye.

“We are in the process of sourcing a single manufacturer for the majority of



Patty Brisben was inspired by watching ‘The Phil Donahue Show.’

our products,” said Brisben.

International growth figures in future plans.

“In five years you’ll see us venturing out internationally,” she said.

Pure Romance is very much a family affair. Brisben’s eldest son, Chris, 31, is president of the company. His brothers, Nick, 29, and Matt, 24, run the warehouse and the marketing department, respectively. Lauren, 23, her youngest, is a college student and a consultant with Pure Romance. Like her mother, she is intensely interested in women’s studies.

“She told me that she wants to be a teacher,” Brisben said. “I laughed, and told her, ‘That’s what I do every day. I’m a teacher.’” ■

Michael Hagan

TITLE: Chairman, president and CEO

COMPANY: NutriSystem, Inc.

HEADQUARTERS: Horsham, Pa.

ANNUAL SALES: \$413 million (2005)

TYPE OF BUSINESS: Internet company specializing in prepackaged diet meals, with a direct-to-consumer business model

AREA OF OPERATION: Nationwide

NutriSystem’s chief executive describes himself as an approachable leader, and his open-door policies have more than paid off.

“During my tenure as CEO, the company has grown from \$27 million in sales to more than \$400 million,” said Michael Hagan, 44, chairman, president and CEO of Horsham, Pa.-based NutriSystem, Inc. The company’s prepackaged diet meal concept, launched in the early 1970s, has been credited as the start of an entire industry, according to Hagan.

“By the 1980s, NutriSystem was a \$1.2 billion per year company whose iconic brand was known in nearly every household in America,” he said.

In the early 1990s, however, NutriSystem fell into bankruptcy, prompting Hagan and a small group of investors in December 2002 to take controlling interest in hopes of transforming the business to be more competitive. The strategy worked, and today, said Hagan, “NutriSystem generates almost 90% of its revenue through Internet and telephone channels. By removing

the fixed costs associated with diet centers, we can sell our products and services at a lower price point than the competition.”

Other factors, said Hagan, have also contributed to the company’s success.

“First, we pride ourselves on high-quality food and proven weight-loss methods; we continually drive innovation and improve our offerings. A second factor for success is our position as a marketing-driven e-commerce company with a direct-to-consumer model. Third, we outsource



Michael Hagan took a bankrupt company and turned it into a \$400 million success.

several non-core functions which enables us to grow the business without large investments in infrastructure.

“Finally,” said Hagan, “we strive to foster an entrepreneurial culture that allows for free-flowing ideas and frequent communication so all employees are able to contribute to the company’s growth.” ■