

**INSIDER'S PERSPECTIVE:**

Joe Gilligan- CEO, Akadema

Interview by: Jason W. Lee, University of North Florida; Editor, *The SMART Journal*

JL: Please identify the origins of the Akadema company, including the development of the company name?

JG: In 1994 my brother and I started a training facility (Academy of Proplayers). Since we also worked full time jobs we took all the money we made from Proplayers and put it back into our company.

In 1997 we started selling baseballs and equipment for major brands such as Rawlings at our training facility. It was a success and we created Academy Equipment. The next year, my brother found some of his drawings of concept baseball gloves he sketched during his minor league days with the St. Louis Cardinals. He suggested that we sell the unique ideas to a major manufacturer. I suggested we start our own company. We called it Academy gloves.

The original 12 gloves were not radical like my brother's drawings but we knew we needed to start slow and gain some credibility.

In 2000, we were served notice by Texas retailer to change our name. We simply made the c to k and the y to an a, Akadema. I quit my Logistic Manager position at Sony Corp and Lawrence quit his job as a salesman for Coke. The same year we released our first patented glove, The Reptilian, and our first Major League Players, Clay Bellinger & Anthony Telford endorsed our products.

JL: Please identify your position, as well as the various roles in which you are involved in with your company?

JG: My position is CEO. I oversee the factories and raw material sourcing, financial, marketing, operational facility management, domestic and international logistics, human resources and benefits, legal, licensing, computer support, and accounts payable.

One minute I could be working on the company website, the catalog or the finish touches on a product. The next minute on the bank with a letter of credit, or I could be negotiating raw material supplies or an agreement with UPS on freight rates. I may also work with our tech support on designing a new wood bat into our CNC lathe or designing a program that may allow a vendor to furnish seamless inventory, invoicing, or tracing data to their customers.

My brother serves as the President. He concentrates on sales, product development, endorsements, customer service, accounts receivable and is the spokesman for the company.



Pictured Above: The Founders of Akadema
Joe (left) and Lawrence (right) Gilligan.

JL: What is it like starting up a company with your brother?

JG: We both have different interests in the company. It's like we are driving the same road side by side in different cars. We vary rarely disagree on ideas and when we do we just drop it. My youngest brother Dan now runs Academy of Proplayers, the training camp that started the company.

JL: How big is your company now in terms of size, revenue, and employees?

JG: We are in the top ten baseball manufactures in the USA but of course there is a big gap between us and say Nike, Rawlings or Wilson who are or part of billion dollar multinationals. When you break their baseball component out of their corporate umbrella, most large baseball brands are only about 75-150 million. In relative terms, when I worked at Sony Corp, our transportation budget was 150 million. So baseball is not a very large part of most athletic companies' portfolios.

We also like to think we are in the top three or four family owned baseball equipment companies.

Akadema and its subsidiaries are under four million dollars. It employs fifteen full time employees. It also hires about a dozen temps during our peak seasons.

JL: What is the corporate philosophy that drives Akadema?

JG: Beat the competition with Innovation, quality and service. It's the only way a small company can distinguish themselves and survive.

JL: What five words do you feel best describes the culture of your company?

JG: Young, energetic, creative, counter brand, guerrilla

JL: Additionally, what would you say are the three most important keys to your success and growth?

JG: 1) Innovation: Akadema is associated as the innovators in the baseball glove market. With six patents for gloves and one for a wood bat, we are leading our industry in changing designs that are not gimmicks but are functional products made to improve play. Our other competitors have spent most of their R&D on metal bats. We took on the market that had not been changed in a generation, the baseball glove.

2) Quality: People are looking for quality and love when their expectations are met or exceeded. Our products in each market segmentation are better than our competitors. We do this by studying our competitors' products and instead of figuring ways to make a better profit margin we try to improve the quality. For example, the girls fast pitch line, our competitors use cheap lace to cut costs. We use the same quality lace as we do for our pro baseball players. Costs more but girls softball gloves are some of our best selling gloves.

3) Micro or Counter Brand power. Today people are looking to be original or innovators. Akadema is a small innovative brand worn by pros not because Akadema has the most money to spend on pros....the pros believe in the product and want to be different. A 13 year boy or girl has the same feeling. People who buy Akadema don't want grandpa's glove or a glove made by a sneaker company. They are looking for their own brand that sets them apart.

Combined Innovation, Quality, and Micro Brand appeal and you have a company that can take on billion dollar companies in the market place or at least carve its niche.

JL: Looking at the Akadema website and other promotional materials, it is apparent that Akadema seeks to distinguish its brand over its competition through attention to quality and detail. What else allows Akadema products to stand out from the rest of the pack?

JG: Innovation and counter brand culture. Akadema continues to lead the pack when it comes to design of baseball gloves. Our Praying Mantis Catchers Mitt accounts for 20% of our sales of gloves yet only 1 in 9 players on the field use a catcher's mitt. The reason for our success is that the mitt is so advance from our competition that it has taken away their market share. Half of our gloves sold carry our patents on them. Not bad considering the traditional culture that permeates in baseball.

JL: Included in Akadema's list of product endorsers are various individuals, including a mixture of legends and future stars. Could you list some of the endorsers and detail why that are appropriate endorsers for your company's products?

JG: We have a three prong pro marketing approach: 1) Major League Players: (about 15-20 players) Manny Ramirez, is one of the most popular and recognizable players in the game. As he wears our glove, the logo is splashed throughout the USA and the world. We also have many players that are scene at the local levels. Mike Myers, of the Yankees, Todd Williams of the Orioles, JJ Rodriquez of Cardinals, Brian Sweeney of the Padres, Willie Eyre of the Twins, Dan Johnson of the A's, Damon Hollins of the Devil Rays...all these players are getting TV appearances that introduce the brand to millions of young players and fans. We also see Crystl Bustos providing the same support in the girls and women's fast pitch market.

2) Cooperstown Legends (4 living, 3 deceased) Ozzie Smith, Gary Carter and "Yaz" all have been a big help with designing product. They also serve another propose since these players are known to parents ages 30-50 who are buying their child his/her first baseball glove. Bob Feller (living), Lou Gehrig, Mickey Cochrane, and Dazzy Vance (deceased) are endorsements/estate licensing deals for our old fashioned vintage line. Akadema now owns trademarks of some of the oldest brand names such as Reach from 1880 and Ken-Wel from 1916. Akadema now can boast that its brands are as old as our competitors.

3) Minor Leagues (about 200-300 players): So many players coming out of high school and college now use Akadema. We usually have about 15% the top round draft picks in the amateur draft. These first-rounders usually become Major League prospects. We have found that these players tell their Minor League teammates to use Akadema which increases our player pool. Minor League players are local heroes and usually they spread the word at the baseball camp they may workout during the off season or a young fan asking for an autograph. The Minor Leagues also help showcase our wood bats.

JL: I saw one of your advertisements with the slogan "The end of an error!" and I thought that it was quite clever. To date what have been some of your most successful advertisement campaigns?

JG: The best campaign was Darwin's Theory of Glove Evolution. We had two monkey-like men holding gloves from the 1940's and 1950's and a caveman holding a glove competitor's glove. The modern man had an Akadema glove. The caption was "The game is evolving. Shouldn't you?"

Page 79

JL: In addition to the aforementioned marketing endeavors, Akadema has a strong presence in collegiate athletics. What schools are included among your current college endorsement deals?

JG: BYU is our biggest name. We also have UC Riverside, Liberty U, East Tennessee, Hofstra, and many more D1 schools. We also do well with the smaller schools.

These sponsorships are primarily to provide a showcase for our aluminum bats. Colleges such as University of California- Riverside and Liberty had very successful offensive numbers this year using our Xtenion Metal bat.

JL: Akadema is a company that stresses quality and uniqueness. Could you explain the concept behind the following products or product lines: a) your custom glove building program; b) the Amish craftsmanship utilized in your wooden bats; and c) the Hoboken Collection gloves?

JG: The custom gloves program was started this year which gives amateur players a chance to create their own glove. About 3% of our gloves are now personalized. We think that number will triple in the next two years. We also hope to add a wood bat program for the general public.

The Amish Bat line is in transition. From 2000-2005 we used the Amish exclusively to cut our wood bats. Unfortunately the Amish could only cut a few bat profiles and pro and amateur players wanted more variety. This year we invested over \$200,000 to start our own wood bat shop in house. Currently the Amish supply most of our stock bats. Our shop has been doing many of the amateur and professional specialty bats. So 50% of the bats are cut without electricity on 100 year old lathes and 50% are cut on a CNC lathe that uses computer technology and is a year old.

The Hoboken Collection is a vintage line of baseball gloves. The idea started when we examined old designs during the patent process. The gloves were fascinating and we thought why not reproduce them. They have been used in some interesting ways. The National Hall of Fame and the Yogi Berra museums use them in their hands on education exhibits, they are bought by glove collectors that don't want to pay \$1000 for the real item, executives buy them to place their favorite autograph ball in, and pro teams use them as a drill for better hands. They are also used by old-fashioned baseball teams who play by 1880 rules.

JL: In terms of future considerations, what direction do you see your company's involvement in baseball over the next 5 years? 10 years?

JG: In five year we hope to fill in the baseball product gaps where we are not servicing. Catcher's equipment, balls, more accessories, more options for footwear.

In ten years, we hope to either will expand into other team sports equipment or soft goods such as more footwear and apparel for the mass market.

JL: Regarding global presence, what aspirations does Akadema have and what actions have been enacted to meet your international aspirations?

JG: Our biggest exports are to Canada. We have done well in Europe considering how small baseball is in the EU. In Latin America, Mexico, and Central America we have done well with the professional players. In Asia and Australia we do some small sales but nothing great to speak about.

I think Japan and Korea are the two big markets we have not had any meaningful dealings with. That has been disappointing since we know some of the Japanese players buy our gloves and ship them to Japan. We will continue to explore ways at accessing these foreign markets.

JL: Finally, what words of advice do you have for any potential consumers that have not been converted to Akadema users yet?

JG: Its a simple pitch. Try it, and you tell me why we have been able to convert hundreds of thousands of players.



Joe Gilligan, CEO of Akedema

Visit Akadema on the web at:
www.akademapro.com