

Success Story

Pedaling Through Trials to Reach Global Markets

DeFeet International



At the end of each chapter you'll find a small business case study that describes how a business began exporting and developed that aspect of the business over time. As you read the stories keep in mind some of the themes from Chapter 1: importance of exporting to growth; exporting to multiple international markets; solid business fundamentals; dealing with challenges; and seeking expertise and assistance from government and other sources.

The Company

Shane Cooper is president of DeFeet International, a maker of socks for cyclists. Over the years and despite substantial adversity, he has built the business that now includes distributors in 35 countries. He and his wife were bike racers back in the early 1990s. During summers, she was supplementing her income by racing bikes as an amateur and, as Cooper puts it, he was spending her supplemental income as an amateur on his bike racing. His father was a sock knitting machine technician and sold the machine's parts. One day, Cooper the younger decided to make socks to pay

for his bike racing hobby. "It just kind of happened from there," he recalls. "We made the world's best sock for cycling and that was 20 years ago."

The Challenge

Cooper's factory burned to the ground in 2006. There was no production for 9 months. Luckily, there was insurance, but it took a lawsuit and 3 years to receive everything owed. And so when he finally got the check, he had to pay taxes out of that money because it's considered business income. "We had 7 years where we made no money after the fire," said Cooper. "We became profitable again and started winning the business back." That was just in time for the great recession of 2008. Just when things were at their bleakest people started pulling bikes down from garage rafters and riding them to save money. Bicycle shops became flush with cash, and the Euro soared against the dollar. "So all of a sudden, after 7 years of struggling, we made it through. And now, we're 4 years in with profits again. If we didn't have our international business, gosh, I don't think we would have made it."

The Solution

Of course, the international business made the difference. But it didn't happen spontaneously. Cooper hired an international marketing manager who developed a go-to market strategy for Europe, which included a web presence and a network of distributors. This allowed Cooper to focus on the research and development side of the business, which included socks made of fibers extruded from recycled plastic bottles.

Cooper elected to keep production in the United States, mainly because of worries that making the socks in Asia would involve quality issues, environmental problems, and loss of control over intellectual property. He said: "American-made to me is control. It's American jobs. It's quality, and mostly it's value."

Lessons Learned

By listening to his European customers, including some of the top riders in Italy and France, Cooper was able to create—and continues to create—socks that the fans of the champions want to buy. What he learns is his "secret sauce." He also relies on his local U.S. Commercial Service office to advise DeFeet on tariffs and duties—and about the 20 or so free trade agreements the

United States has with other countries. The U.S. Commercial Service also has extensive knowledge about international textile agreements and how his products are affected.

"I'm always looking for low-cost but accurate expert advice, especially from government sources," he said. "You've got to remember, I was a dumb bike racer, a bad one at that. I wasn't a businessman."

Cooper also learned that success hinges on figuring out early on what your strengths are. "If you don't have the skills or time to devote to the international side of the business, hire someone who can do it."

Action

If you have an export ready service or product, contact your local U.S. Commercial Service office.

If you are just starting a business, or thinking about starting one, contact your local Small Business Development Center, of which there are more than 900 in the United States. Many of the centers have a counselor certified in export business counseling. For more information, please visit [1.usa.gov/1vCFFxx](https://www.usa.gov/1vCFFxx).

