

TRIANGLE BUSINESS JOURNAL

From the February 14, 2003 print edition

Fleet Feet trots east, sets up base in Carrboro

Amanda Jones

CARRBORO – Fleet Feet Inc., which franchises 46 athletic shoe stores in 20 states, has relocated its corporate headquarters from Sacramento, Calif., to downtown Carrboro.

The move has brought several of the company's key executives closer to their East Coast roots and allows for better travel options to visit newer stores in the East, says Tom Raynor, chairman and chief executive officer of the company.

With only five of the company's 10 employees now based in North Carolina, the shift will not result in an influx of jobs or heavy investments. But it will bring recognition to the eclectic Orange County community as home of a growing franchiser.

"Carrboro has created a wonderfully supportive environment for business and now for national business," says Aaron Nelson, executive director of the Chapel Hill-Carrboro Chamber of Commerce. "It's just awesome that they'll call Carrboro home."

Fleet Feet specializes in sales of running shoes and apparel including brands such as Nike, Saucony, Asics and Adidas. The company was founded in 1976 in Sacramento and began selling franchise rights in 1980. Raynor bought the company in 1993.

With most of the company's stores now west of the Mississippi, Fleet Feet is plotting new growth in the East. Eight of the company's 10 newest stores are in the East, and the next one to open will be in Roanoke, Va., next month.

In 2002, Fleet Feet recorded sales of \$32.7 million, which Marketing Director Jeff Phillips says was an increase of 18 percent over 2001. Same store sales, meaning sales at stores open at least a year, were up 11.8 percent – the smallest increase in four years for Fleet Feet.

"The whole business has been flat," Raynor says. "Retailers are struggling for positive gains." For that reason, the company intends to focus on

finding ways to boost sales at existing stores before undertaking a major expansion.

Its only store in North Carolina is in downtown Carrboro within view of the company's new headquarters.

Raynor says more North Carolina stores will open when potential franchise owners are found. "We are not location driven," he says. "We are people driven. We have to have someone who absolutely cares for the customer and the business. We find people who have business skills and also like to run." About 25 percent of the stores are owned by former Fleet Feet employees.

Fleet Feet executives plan to begin offering online sales this year. Existing stores will share profit from online purchases made by customers in their territories.

Fleet Feet previously had operated a corporate office in Chapel Hill, where Chris Bevin, a Chapel Hill native who serves as franchise operations director, was based. And several of Raynor's corporate and personal decisions last year pointed toward a logical move to offices in Orange County. Fleet Feet ended up in the old Mammoth Records space above the Acme Food and Beverage Co. restaurant in Carrboro.

Raynor had grown frustrated because of encounters with Sacramento City Hall over approvals for a new headquarters there, according to a report in Sacramento Business Journal.

But Raynor says the decision was based on several other reasons, including the fact that Fleet Feet last year hired Ritchie Taylor, a lawyer with Raleigh-based Manning, Fulton & Skinner, to assist with franchise and legal needs.

"This is a good, central location," Raynor says, adding that North Carolina's income tax laws are more appealing than those in California. "This is a fair state to be operating in." Raynor says lower state income taxes alone will save the company about \$10,000 to \$15,000 annually. "Plus, it feels like home," says Raynor.

Although Raynor is a native of Atlanta, his father grew up in Hillsborough. Also, Phillips is a native of Virginia. He will join Bevin and information technology manager Kelley Martin in the new Carrboro office.

© 2003 American City Business Journals Inc.

All contents of this site © American City Business Journals Inc. All rights reserved.