

READ ALL ABOUT HOW DAVID AND AVI, IDENTICAL TWIN BROTHERS, FOUNDED SPRING FOOTWEAR AND MANIFESTED THEIR DREAM...THE CHALLENGES, THE SUCCESS, THEIR VIEWS AND ASPIRATIONS AS PUBLISHED IN *FOOTWEAR PLUS*, JUNE '09

THE SOURCE FOR RETAILERS • JUNE 2009 \$10.00

FOOTWEAR PLUS

Q&A



American Dreamers

David and Avi Ben-Zikry, co-founders of Spring Footwear, makers of Spring Step and Fly Flot, prove hard work, perseverance and relentless optimism can turn dreams into reality.

By Greg Dutter

How many in this industry can say that they began their footwear career at the tender age of 6? The answer is most surely a scant few but at least two: David and Avi Ben-Zikry, identical twins and co-founders of Pompano Beach, FL-based Spring Footwear. To fully appreciate what David and Avi have accomplished in the face of tremendous odds and obstacles, one must start at the very beginning of their truly amazing and inspirational story.

The Ben-Zikry twins — along with their seven other siblings — began working in their father's Israeli footwear factory lacing shoes and putting the new styles into boxes. They would finish school, come home, eat a quick lunch and head downstairs to their father's operation located on the outskirts of Tel Aviv. While other neighborhood children went out and played, the Ben-Zikry kids worked late into the night helping any way they could as the family struggled to make ends meet. Before immigrating to Israel, their father had been a second-generation cobbler working for Bata Shoe in Casablanca, Morocco. David recalls how there were limited opportuni-

ties back then, but since Moroccans were known as "shoe people," his father set out to do what he knew best to support his family. "We made 120 pairs a day," David says. "We sold some in the front of our factory as well as to retailers in the area."

Lest anyone wonder about child labor laws, David and Avi say their upbringing was a blessing. For starters, they lived in a poor area and their parents didn't want their children to spend time on the streets. Working in the factory offered a safer alternative. In addition, the family shared many hours together working on a common passion, developing a strong family culture and work ethic. "Those years are very memorable for us; we did not have much, but we were very happy," David says.

By the time the brothers reached age 13, they had become experts in shoemaking. Both were able to perform almost every function, including selecting materials, cutting, folding, stitching, cementing, lastmaking, finishing and packaging. "This was the best school for the shoe business and we mastered the basics," David says.

Then came a family trip to the United States the following summer — their first trip outside of Israel. While visiting New York, David and Avi window-shopped the comfort shoe stores and quickly identified a great void for their product, which was successfully being sold in Israel. The seed to run their own shoe company in America had been planted. The brothers returned home and continued to attend high school and work in the family business, but often brainstormed about building their own shoe company in America. "We would take Fridays off, go to the beach and talk about forming this company," Avi recalls. "We would both look out into sea and say we wanted to make our dreams come true in America — we want to make our 120 pairs a day and a \$5 profit on each pair sold. That was our original goal. At age 16, making that amount was a big number to us — it was very enticing."

So enticing that David and Avi couldn't wait to finish high school. At age 17, the two took their \$10,000 life savings, bought two plane tickets to New York and set out to build their shoe company. David didn't feel they were too young or inexperienced. "Unlike many other people, we already had more than 10 years of work experience," he says. The two stayed with relatives in Queens for a few days until they rented a nearby corner store for \$600 a month. The year was 1984. "We decided to take a page out of our father's playbook: We would live in the back of the store, make the shoes in the middle and sell them in the front," David says.

The idea was to make a very simple shoe, similar to a Dr. Scholl's type of construction, according to David. It was a unit bottom that was imported from Italy and the leather uppers and buckles were cut, stitched and assembled by hand. None of it required heavy machinery. The name of their brand was Dr. Michelle, and the store was named Dorit after one of their younger sisters. And

that's exactly when the desperate struggle for survival began.

"We sold only two or three pairs a day. We had very slow traffic; it was Main Street but really more like 'Dead Street,'" David laughs. But it was no laughing matter back then. "We couldn't sell enough shoes to cover our operating expenses or even pay for food. We were eventually forced to pick up another job at a local bakery where we worked 12-hour shifts just to pay the rent and keep the electricity running," David says.

Over the next few months, it became clear the business would not survive. Their start-up funds were kaput and their inventory had become limited. Their dream was crumbling. "I remember going to bed at night in the back of the store and our pillows would be sopping wet with tears. We couldn't believe that our life savings was gone after all these years of hard work and that our dream was not moving forward," David says. "We cut every expense possible; neither of us bought a single garment of clothing." And there were no emergency calls made home seeking financial assistance because David and Avi's parents didn't support their move to the States. The decision staring them in the face was to return to Israel, hat in hand.

Then came the turning point: In the summer of 1986, an insurance broker came into the store to inform them that they were behind on their liability payments. (It had been one of their cuts in an effort to keep afloat.) Avi told the agent that insurance was the last thing on his mind. But as luck would have it, this was a sympathetic insurance agent. He suggested they sell their shoes at a local flea market held weekends at the nearby Aqueduct Racetrack. This insurance "angel" even lent them a friend's van so they could drive their goods to the market and set up a makeshift store.

Immediately, David and Avi experienced great success—selling between 30 and 40 pairs at the flea market that first weekend. "That was like discovering a gold mine," Avi says, noting that soon after, they left the

bakery to focus solely on their shoe business once again. "Some days, before we even got to our space, women were waiting for us. We were eventually selling 200 pairs a day," Avi says. The business grew so fast that David and Avi gave the shoes to their customers in bags in order to hang onto the shoeboxes, which were labeled with the size, style and color information. It allowed for a more efficient replenishment system in the age of no computers. "The daily sales and evening production were determined by refilling the empty shoe boxes," Avi says, add-

You might think the rest was history, as the brothers were on their way to building what is now Spring Footwear, now selling close to 1 million pairs a year worldwide under the Spring Step and Fly Flot brands. But it's not. After four years of blood, sweat and tears turning their American dream into a reality, David and Avi had to return to Israel to fulfill their military service obligations. They shut the entire operation down just as it got off the ground, telling retailers that they hoped to return in three years. "We thought we would go to the U.S. for one year, make

some money and then do our military service," Avi says. "Because of the difficulties in getting started, we stayed for four years. But we still had to pay our dues." David went off to the front lines in Lebanon and Avi to the Gaza Strip. During leaves, the two met to plan how their new footwear company would take shape. In fact, the company's new name came from one of those beach meetings, when an airplane flew by with a banner promoting a new drink called Spring. The brothers thought Spring Step would be a good name for a comfort shoe brand.

The pair picked right up where they left off on the path toward their American dream. Since their return to the States in '91, David and Avi have stood at the helm of a rapidly growing comfort shoe company, netting double-digit sales gains every year since. They have devel-

oped excellent relationships with factories in Italy, Spain and Portugal to produce their collections backed by their trademark in-stock and open-stock capabilities. Their decision to hand over manufacturing duties to their European partners has allowed them to focus on marketing and sales on a national and now worldwide scale. "We have experienced phenomenal growth," David says. "We have gained a lot of trust and respect in the marketplace for what we do. We are fair and honest, and we put 100 percent of what we do into this business the right way." Adds Avi, "We are very determined. When we want something, we are going to get it. That's our philosophy in life."

OFF THE CUFF

What are you reading right now? *David:* "The Path of Justice." *Avi:* "Good to Great."

What is the last movie you saw? *Avi:* We took our families together to see "Slumdog Millionaire."

If you could hire anyone of note who would it be and why? *David:* Matt Rubel [CEO of Collective Brands]. I think he is a very sharp individual. *Avi:* Donald Trump for his outstanding marketing skills.

When you were children, what profession did you dream of entering? *David:* This was never an option for us; it was shoes. We grew up

in the shoe business.

What is your motto? *Avi:* Where there's a will, there's a way.

Is there a perfect shoe? *Avi:* The perfect shoe is the one that makes you feel good wearing them and provides you with lasting comfort, support and durability. You may find them in our catalog.

What is your favorite hometown memory? *David:* Friday afternoon picnics on the beach with our family, especially enjoying the cold watermelon. We loved smelling the fresh sea air and hearing the sound of the ocean waves.

ing that the savings on the cost of new shoeboxes alone paid for the flea market rent.

David and Avi got to know their customer very well during those weekends. They learned her likes and dislikes and adjusted their product accordingly. They also learned a great deal about the New York marketplace and that fall began selling wholesale to local retailers. The shoes performed extremely well and reorders began flooding the production schedule. They hired additional help and purchased their first house, where they moved production to the basement, kept inventory on the first floor and lived on the second floor—again following their father's business model.

What was the most valuable lesson your father taught you about the shoe business?

David: The most important lessons are to be honest and do the best you can in every area. Also, be consistent. When we came home from school we would put long hours in the factory every day. It wasn't like we could say, "I don't feel like working today."

From a career history perspective, you two must be one of a kind.

Avi: I suppose. Sometimes our unique experience has been a benefit and other times it's been a limitation. Maybe we are more conservative than others, but that's how we do it. We are very passionate. And it's good to know all aspects of this business—we are very thankful to our father for teaching them all to us. We are very lucky and it's a blessing. Being a twin has also been a blessing because you need more than one in this business to succeed. Sometimes I wonder if it would have been better if we had been part of triplets (laughs).

David: It is a complex business, no question. To make the product right and to run the business fairly requires a lot of knowledge and support. If I had been by myself, I don't see how I could have survived. Having another person to take some of the load off and to voice an opinion is invaluable. And it's not like we define certain responsibilities; we can cover for each other in every aspect of our business.

At the start, what do you think set you apart?

David: Back then, most of the European comfort brands were not present in America, and most of the stores we targeted were accustomed to sizes and widths. We convinced them of the advantages of our European lasts, which offer a roomier fit. Our lasts are one of the most important aspects of our DNA because they provide comfort to people with a wider foot.

Avi: Also, from our years of retail experience, we understood the importance of replenishment as a key to success. We have always allowed our retailers to buy open stock to replenish their inventory according to their needs. In addition, we offered a quality product at an affordable price that provided a good margin. That enabled us to build a very loyal and satisfied customer base.

They are the ABCs of comfort brand building.

David: We have always stuck to our core product values. And comfort is very tricky because it's unlike fashion, where the buy is primarily based on look. Comfort is a question of feel and the ability to provide the same experiences season after season. You must adjust the face but not the soul, so to speak. It's not easy. You really have to stick to certain comfort standards. In addition, the ability to understand footwear from all aspects—the design process, selecting the right materials, understanding the last measurements and knowing the market—is key. Most companies are divided into so many departments that they lack the necessary synergy to do it effectively. It's very easy to make mistakes and to change your core values in such a process. I think being consistent in what we do has been one of our core success values.

But did you ever think your company would grow to this point?

David: I don't think we ever really thought about that. The first time we visited Italian shoe factories we were amazed at their size. We never knew that shoe companies could get so big. To us, a shoe company was always small and manageable. It gave us a completely new perspective.

Avi: We traveled in Europe for six months establishing our factory base for Spring Step. We saw state-of-the-art technologies unlike any we had ever seen and the sample rooms were bigger than our whole operation.

And that's when Fly Flot comes into the fold?

Avi: When we first visited our raw material suppliers, we asked who were the best European manufacturers for our type of shoes. Fly Flot was one of them. We really liked their product. They produce their own outsoles and it's a direct-attach process where the comfort and the flexibility are amazing. But at first they didn't believe comfort shoes could be sold in the States because the mentality was that only high-end designers could be exported from Italy. We convinced them that their product could do very well. Eventually, they gave us the green light to market and distribute the brand in the States.

Any differences between the Spring Step and Fly Flot consumer?

David: Both customers are similar to a de-

gree: She is primarily 40 years old and up, seeking fit, comfort and style. The Spring Step customer is more fashion-driven. The Fly Flot customer will put comfort first, seeking the ultimate experience in fit and support. Of course, both customers pay close attention to quality and value.

Avi: Our retail partners are being more receptive to fresh ideas to help stimulate business in addition to our core products. Along those lines, we have introduced our new SP3 Collection and Picante collections for Fly Flot and Spring Step for this fall, respectively. They are aimed at a younger audience. We are now starting to sell comfort shoes to a thirtysomething consumer, as they are looking for comfort at a much earlier age.

What is your average retail price point?

David: Our sandals are generally between \$49 and \$89 and our shoes run from \$89 to \$129.

That's pretty affordable for European-made shoes.

David: Absolutely. And it's all leather; we do not use synthetics.

Avi: We offer good margins but we still make pretty good money (laughs). Remember, we are [our family's] first generation in America, so we have had to do more with less. Basically, what we stand for is being the best value for European-made footwear. Our customers are generally very happy when they see our price tag. But when they learn that it is also made in Italy, Spain and Portugal, they are even happier.

Many say the past year has been unprecedented in terms of overall difficulty. How is Spring Footwear holding up?

Avi: It is a challenging time—no question. But we believe hard work and dedication will pay off. I believe that doing the best every day is the right approach.

David: Let's put it this way: we've been through a much tougher time in the past (laughs). And I like challenges. It's what keeps us alive and makes us better. When I recall the days of sleeping in the store and struggling to pay the rent—it was tough, but it also contributed to our success and who we are today. Rough times can be an excellent opportunity to gain strength and prepare for the future. And once better times come, you really appreciate them and have a much better perspective on life.

Well put. Any guess when better times may come?

David: For me, the better time is now—every day. I'm not waiting for a better time to come. Every day that we live and breathe, that is our best day.

Avi: Yesterday is a cancelled check, tomorrow is a promissory note and today is cash—use it.

There are hints that business may pick up by this fall. Do you agree?

Avi: Already, I think consumers are more positive. And I'm hearing more positive thoughts from our retailers. It might be weather-related, because you need that for the sandal business. But overall, I've been getting some good weekly sales reports. I think that from here out it's going to be better.

Part of it may be a simple pent-up demand as many consumers have refrained from shopping.

David: I agree. Eventually people will have to buy shoes. But they may buy fewer and be more selective. If you compare the European and American markets, the American consumer always bought more pairs on average. I think the consumer is adjusting and will buy less—buying what they need and of better quality.

Is this a long-term shift in American consumerism?

David: I believe so. Throughout the world, I think consumers will generally buy less and better. For us, it's a good fit because we have always sold the overall guarantee of customer satisfaction. We never looked at the short-term approach in terms of cutting back on quality to increase profits. Every shoe we make, our customer can feel the difference. We have a huge repeat customer business backing that up.

Any advice for retailers trying to survive these hard times?

Avi: It's important to stay positive and continue to work on delivering the best retail experience. I would look into new ways to service the customer better. When times are slow, it's a good time to try and improve internally and build for the future.

David: My advice would be to improve on inventory management. If you don't have the particular size or color when the customer walks into the door, you will lose that sale. They will either go online or to another store to buy it. Part of improving inventory management involves sticking with companies that can help you with replenishment. You will not be able to make money in this business if you do not have the right companies to support you.

Aren't those companies harder to come by these days?

“I'm not waiting for a better time to come. Every day that we live and breathe, that is our best day.”

David: Yes, but there are still some very good companies in the market. When you look at your vendor portfolio, like we do with respect to our factories, we have certain expectations for their performance. We have had some factories that were able to make good product but they were unable to respond quickly to our needs. If they are unable to replenish to support our business, then we can't continue with them. And I think the retailer should act the same way: When they introduce a brand, they need to make sure the company can deliver and will stand behind what they do, because there is only a limited space in a retail store. You need to have the right companies to support you in order to become successful. And you cannot just buy everything upfront in a season and expect to sell everything and make your margins. It's not going to happen. You definitely need to have the ability to replenish your inventory. That's the reason we were able to sell 200 pairs that first weekend at the flea market. There were no other shoe vendors next to us that could sell that amount in one day because of our replenishment capability. The ability to respond over and over—with every style that you carry—is the ability to deliver solutions, and that is what keeps you in business and sets you apart from your competitors.

Is your level of enthusiasm the same as when you first opened for business in Queens?

David: For sure. Money is not what drives us. It's the passion to make a good product

and deliver a great experience. Every time we see a customer wearing our product it makes us feel good.

Is America still the place where dreams can come true?

Avi: Absolutely, yes. There is no place like America; it's the land of opportunity. People born here often don't realize the opportunity. When you are from abroad, you are able to truly appreciate what America is all about. The culture, the diversity and the trust of the people to be open to new ideas makes it unlike any other place on Earth.

What you both have been able to overcome and accomplish surely makes for an amazing success story.

Avi: It's one of those businesses that if you look at it day by day, you would probably never come into it. But if you look at

what you can achieve in the long run, you see the opportunity. And if you are able to succeed, you appreciate it even more. We thank God for what we have been able to achieve. Every time we look back we say, “wow.”

Where do you see Spring Footwear five years from now?

David: Honestly, we do what we do every day the best we can; the outcome will be what it will. We didn't come here with a dream that we would have 60 people working for us and we would be selling one million pairs a year. We just took it step by step and adjusted to the plan as we went. That said, it's becoming a much smaller world. There is definitely an opportunity to take the brand into new countries. [It is already sold in the United Kingdom, Australia, Canada and Israel.] Our factories can produce between 5,000 and 50,000 pairs a day.

What do you love most about your jobs?

Avi: We love every aspect. There's always something going on. We love the creativity and the relationships that we have developed with our customers. We also love the ability to touch so many people.

David: We can think about it as just the shoe business, but we are involved in many aspects, from designing to computer software to marketing to human resources... It's a full life. •

