

MESSAGE FROM THE PRESIDENT

John Larsen, President Emeritus New Balance Athletic Shoe, Inc. & Director New Balance (UK), Ltd.



Today is the 30th anniversary of the first General Assembly of the World Federation, which was convened on September 30, 1978 at 10:30 a.m. at the SPOGA Fair Grounds in Cologne, Germany. Armin Dassler of Puma was the Chairman of the "Committee of Nine", the far sighted group whose vision led to the creation of our Federation.

Frank Dassler, Armin's son, continues the family tradition as a very active member of our Executive Committee. Kihachiro Onitsuka of ASICS, our recently deceased honorary President, represented Japan. Benjamin Liu represented Taiwan and his company, Poyang International. Benjamin is a valued Director and member of our Manufacturer's Forum. He is also the only active member who attended that first meeting. Twenty one countries were represented. Fifteen had voting rights – one per country.

While the mission of WFSGI largely remains unchanged, the industry and WFSGI's role in the industry have dramatically changed. It is both appropriate and instructive to look back to the thinking behind the founding of the World Federation and then consider relevance of that thinking today and for the future.

In 1978, the Sporting Goods business was both simpler and more difficult. Do you remember Telex? Do you remember how difficult it was to make international phone calls? There were no faxes or mobile phones much less email. Do you remember bumpy roads and cold hotels in some developing countries? Do you remember the trade show wars? Do you remember the retail landscape before it was dominated by large chain retailers? Do you remember when athlete endorsements were affordable? And when there was no European Union? And when Viet Nam was war torn and not a trading partner? Do you remember when Nike was just another small business with a good idea?

Our way of doing business then was simple and personal. Most of our companies were privately held and the owners represented their companies at the Federation meetings. Our customers, our endorsers and in some cases our competitors were our friends. Much of what we did then with difficulty, is now much easier, and some of what was simple then, is now more difficult and expensive. Largely speaking, our world is less personal. Through it all, WFSGI has persisted and our

charter "to encourage and promote the spirit of legally permissible cooperation among sporting goods manufacturers worldwide..." is still the glue that holds us together.

Armin Dassler summed up the rationale for founding the World Federation in his welcoming speech to the General Assembly. The relevance of his vision to our current world situation is uncanny. The first words he spoke after thanking the "Committee of Nine" were about the 1978 monetary crisis and the importance of an international voice for our industry.



He opened his speech with comments on the value of collective action. He said:

“We are meeting today at a time where the international monetary situation like an earthquake shakes millions of people. We Sporting Goods People are only small kids compared with those giants who control most of the international trade. But we must not be naive to believe that we can change much. But with a World Federation, the first one to be founded, at least one of the first international manufacturers Associations, we could provide us with a powerful voice, a voice, which will be heard.”

Armin continued his remarks with the following comments on fair trade:

“If one country opens its borders for the goods of the other, the other country should also open its borders. However we must realize that a worldwide free trade can only exist for a long period if it is a fair trade. As long as the wages are different in the various countries, the trade is not really fair. I do know, as I said at the beginning, that we probably cannot change much in the present world. But somewhere someone must start thinking about these problems and try to change the little piece of world he controls. This to achieve is certainly the most sophisticated target for this World Federation.”

For the past 30 years we have worked to expand that little piece of the world we control. And that little piece has grown significantly larger in size and global influence. Our influence reaches across continents into the lives of millions of families. With that change, our implied responsibilities have shifted from local issues alone to both global and local issues. Social and trade issues in our sourcing and operating countries have taken on much greater significance in our lives.

Most brands have either shut owned and operated factories or drastically cut back in favor of importing from developing countries. This dramatic change to the industry supply chain set in motion most of our recent growth opportunities. It has also been responsible for many of the social and trade issues that have accompanied this change. WFSGI has reacted to develop industry solutions.

In 1978 the globalization of our industry was in the early stages, but our founders clearly saw what lay before us. In 1978 most of our produc-

tion was done locally, though Taiwan and Korea, (and Japan before) were increasingly important source countries for our products. Many of us sold our products only in our home country, but we were beginning to think internationally.

As incredible as it now sounds, China was not a factor in our equation. Today, one third of the World's shoes are made in Guangdong Province. And most brands are fighting for a share of China's large and growing consumer base.



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In 1978 we paid scant attention to the suite of factory initiatives we now address under the heading of “corporate social responsibility”. Today we take seriously our role for assuring factories comply with local labor laws and proactively work to contain environmental damage and improve health and safety conditions in the workplace. WFSGI, through its members, has taken a leadership role in this movement. In 1998, we collaboratively worked on programs with Pakistan and India to eliminate child labor in the football industry. These, and other initiatives, continue to evolve.

The Manufacturer's Forum, within the WFSGI, has been established to assure there is an effective dialog between brands and manufacturing partners. With the establishment of the Forum, we are making the statement that all stakeholders in our industry have an important voice. This is an opportunity to more effectively address our common concerns. There will be conflicts. But in the end, the result will be better.

As he continued his opening remarks, Armin alluded to just such a situation in the advice he gave to the General Assembly. He believed WFSGI provided a venue for our global industry to discuss common problems and concerns and a platform to work together for solutions. He makes the case better than I possibly could. He said:

"...we must carefully think and plan in order to be understood and accepted. We must first of all understand ourselves why we want to found this federation."

"The most important reason for us is in my opinion the simple fact that we are developing an organization, where we can meet, where an American manufacturer can speak with a colleague from India and where a Japanese sporting goods manufacturer can exchange his thoughts with one from Europe. We all have common problems. We all produce something for the same market. We all need human assistance, we need machines, we sell to the same dealers, we have our troubles with our or our competitors' promotion, with amateurs or professionals. Someway or the other we are in contact with Sports Federations, with Olympic Games or with World Championships. This World Federation is the place to meet and to discuss these problems. It is the place where we must stick together, where one manufacturer must help the other if he wants the other one to help him. It is here, where we must forget our competition and be aware that everyone of us wants to live, that all of us have responsibility towards thousands of people who work for us, who have put their fortune in our hands."

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Armin Dassler

The World Federation still provides the most effective vehicle for collectively dealing with these issues. It is increasingly clear that even the largest companies in our industry benefit from collective action. For this reason, they are willing to lead and share their experiences and resources for the benefit of the industry. The learning opportunity can be massive for smaller companies; and the larger companies will benefit from collective solutions to common problems. The ability to

easily communicate with one another through our formal meeting structure and through informal private discussions is invaluable.

Our members are concerned about waste management; they build products from recycled materials; they scrutinize their products for chemicals that pollute the atmosphere or cause potential harm to their customers. They are working to assure product safety legislation is properly crafted. Every part of the supply chain is analyzed in depth to assure waste is minimized. WFSGI is the central clearing house and the vehicle to communicate and promote these industry best practices within our membership.

Our members work with their factories on lean manufacturing concepts – many of which have been developed by Toyota. The goal is to help factories improve efficiency, eliminate waste and improve working conditions. Most enlightened brands treat their factories as partners. Factory problems are brand problems. For example, we are developing programs that will lead to more energy efficient factories. We believe we can demonstrate that significant cost reductions are available to most factories. This will not only reduce costs but have a positive impact on the environment.

As we look forward, we know our world will be different 30 years from now, just as it was 30 years ago. As those changes become apparent, the specific activities of the Federation will also change. In some cases the changes will hit us hard and fast; in other cases they will evolve. In all cases the changes will have ever increasing global implications for which we must be prepared. The challenge for WFSGI will be to identify the issues and properly set our priorities. We must lead the industry in developing best practice solutions to global industry concerns.

Armin Dassler set the tone for the Federation agenda in his September 30, 1978 welcoming speech. During the past 30 years we have tried to follow his sage advice. Our successes came from our ability to communicate with each other, which resulted in acceptable solutions to our common problems. Our future successes will happen the same way.