

Big up for Bonobos

Combining the two worlds of fashion apparel brands and e-retail raised a few eyebrows when US start-up Bonobos was first launched in 2007. Since then the company has excelled in doing exactly what its critics said was impossible.



Bonobos has defied pessimism from the tech and fashion industries by increasing its turnover to USD 4.9 mln in 2009. What's more, it has done so with the help of some of those who initially predicted the idea would be a lame duck.

Andy Dunn is a 30 year-old Stanford Business School graduate with a nose for marketing and an eye for fashion. As CEO and co-founder of Bonobos he has seen the enterprise blossom from a basic two-man set-up operating out of a car boot, into a leading internet apparel supplier that represents a new genre of business in today's tech savvy marketplace.

Nurturing a small business from the drawing board into a thriving money-maker takes a unique kind of leader. A quick glance at Dunn's CV reveals a career that has its roots in consultancy with Bain & Co. Later, as a private equity analyst he focused on consumer brands and how they can profit from direct-to-consumer distribution.

Dunn then decided to team up with housemate Brian Spaly and went into the retail business. The idea behind the venture was simple; to sell men's pants that were designed to fit well. Along with a fellow Stanford classmate, Dunn designed a website that would enable consumers to buy the pants online. Previously Spaly had been selling the merchandise out of the back of his car. ►

big up – elogios
to combine – combinar
fashion – moda
apparel – ropa
brand – marca
e-retail – venta electrónica al por menor
to raise a few eyebrows – generar incrédulos, causar sorpresa
start-up – empezar
to launch – lanzar
to excel in sth – destacar en algo, sobresalir
to defy – desafiar, oponerse a
tech industry – industria tecnológica
turnover – facturación
initially – inicialmente
to predict – predecir
lame duck – caso perdido
graduate – graduado

with a nose for sth – con olfato
an eye for sth – con buen ojo
CEO (od Chief Executive Officer) – presidente
co-founder – cofundador
enterprise – empresa
to blossom – florecer
two-man set-up – empresa de 2 personas
out of a car boot – desde el maletero del coche
supplier – proveedor
genre – género
tech savvy – alta tecnología
marketplace – mercado
to nurture sth – cultivar algo
drawing board – mesa de dibujo
thriving – próspera
money-maker – máquina de hacer dinero
unique – única
glance – vistazo

to reveal – revelar
root – raíces
private equity analyst – analista de capital privado
to focus on sth – centrarse en algo
consumer – consumidor, cliente
to profit – beneficiarse
direct-to-consumer – directo al consumidor
to team up with sb – asociarse con alguien
housemate – compañero de piso
venture – empresa
designed – diseñado
to fit – encajar
along with – junto con
fellow classmate – colega de clase
to enable – permitir
previously – antes (anteriormente)
merchandise – mercancía

"When Brian Spaly and I started Bonobos, both the technology startup world and the fashion world told us that our vision of combining an e-commerce retailer with a clothing brand was not possible."

"The naysayers from Silicon Valley and Fifth Avenue were convinced we could be only one or the other: We could create a brand, like Polo, and build awareness in traditional channels before extending it online. Or we could create an e-commerce retailer, like Zappos, and sell other brands in a specific category such as shoes. I scratched my head and asked, why can't we be both?" says Dunn's journal in a Businessweek feature.

Spaly put up USD 30,000, and Dunn USD 50,000, initially with the rest of the backing coming from angel investors (successful entrepreneurs who want to help other entrepreneurs get their business off the ground) who contributed USD 750,000. In October 2007 Bonobos went online and registered 23 percent growth month-over-month during its first year. Revenue for 2009 is estimated to be USD 4.9 mln.

Increased profitability did however present problems for the fledgling re-



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tailer / apparel label. Even though a team of eight managed to handle USD 2 mln in sales during the first 15 months of business, cracks were beginning to appear as the workload increased.

"In the second year, we started struggling. In the process of nearly tripling sales, our rapid growth rate began to take its toll, and we began to make mistakes," continued Dunn in his Journal.

"In our rush to get out a swimsuit line, we didn't test it with customers. This meant we were trying to sell a European cut that didn't appeal to our core American customer."

The company then went through three web developers over a short period of time. None were suited to the role of both coder and a platform architect. Other obstacles emerged as Bonobos grew. Dunn goes on to say; "Perhaps worst of all, we fell into the retail industry practice of promoting, discounting, and advertising to increase the business. Revenue came, but profitability faltered."

It was at this point the entrepreneur discovered that scaling the business presented an even larger headache. He decided to identify the areas he didn't know how to handle and recruited the right people to fill the positions.

The first stage of hiring involved bringing in someone to head customer service. Dunn turned to an ex-colleague

naysayers - pesimistas

Silicon Valley - Valle del Silicio (se refiere a una zona con grandes industrias relacionadas con los semiconductores y computadoras, en USA)

Fifth Avenue - Quinta Avenida

to convince - convencer (convencidos)

awareness - conciencia

channel - canal

to extend - extender, ampliar

specific - específico

to scratch - rascar

journal - diario

feature - artículo

to put up (money) - adelantar

backing - respaldo, apoyo

angel investor - inversor providencial

successful - exitoso

entrepreneur - empresario

to get sth off the ground - despegar

to contribute sth - contribuir

to go online - abrir una página web, meterse en internet

to register - registrar (registró)

growth - crecimiento

month-over-month - mes tras mes

revenue - ingresos

estimated - estimado

increased - aumento

profitability - rentabilidad

fledgling - novatos, inexpertos

apparel label - ropa de marca

to manage to do sth - arreglarselas

to handle sth - manejar

cracks started to appear - los problemas

empezaron a aparecer

workload - carga de trabajo

to struggle - luchar

to triple - triplicar

rapid - rápido

growth rate - ritmo de crecimiento

to take its toll - pasar factura

rush - prisa

swimsuit line - línea de trajes de baño

cut - corte

to appeal to sb - atraer a alguien

core - núcleo

web developer - desarrollador de web

(programación y diseño)

suited - apropiado

coder - programador

platform architect - arquitecto del

programa

obstacle - obstáculo

to emerge - aparecer

to discount - rebajar

to advertise - anunciar

to falter - decaer

to scale - expansión

headache - dolor de cabeza

to identify - identificar

to fill the position - ocupar el puesto

stage - etapa

to hire - contratar

to involve - incluir

to bring sb in - traer a alguien

to head - liderar, ser el jefe

customer service - servicio al cliente

to turn to sb - recurrir a

ex-colleague - ex compañero

from his time running the flagship Apple store in Manhattan. The move was in line with the company's core principle of providing a high standard of customer service.

It paid dividends immediately and all customers were phoned to see if they were satisfied with their purchases. An online dashboard was developed to measure performance and e-mail marketing became segmented, taking into account the relevance of clients purchase history and geography.

Repeat-purchase rates rose to 50 percent and the company benefited from word-of-mouth more than any other form of marketing.

After witnessing the success of the marketing division, Dunn decided to seek out a recruitment agency capable of delivering the industry talent he needed. An engineer was brought on board from Zappos, one of the companies Bonobos chose to emulate when it began. The appointment was a coup for the company and as a result they were able to attract a full engineering and web team.

"The final frontier in recruiting for me was to bring in people from the apparel industry, the same industry that didn't believe in what I was doing two years earlier. I worked hard to persuade some of the industry's finest that their pros-



pects with Bonobos burned brighter than anywhere else they could go."

He didn't have to work too hard to convince people that the company was on the up. By the end of 2009 the retail industry was suffering, but Bonobos had tripled its revenue in just over a year.

Through his experience at Bonobos, Dunn has developed three core principles which he states in his Journal: "1. As a leader, I have meaningful weaknesses which will become an obstacle to growth; 2. the company is better off hiring those weaknesses, which means I need to hire people better than me and then give them equity and power;

and 3. Although I love my job, my goal ultimately is to make the company safe for my departure. It may take 10 years, but I must work toward that every day."

These principles may be difficult for many leaders to accept, and Dunn acknowledges that other factors like fair salaries, meaningful equity stakes and the authority to make decisions also make the task of quality recruitment easier.

His attitude towards what could be considered a daunting process of self-evaluation has had a major impact on the business he runs. Those who said Bonobos would not work may well be forced to concede that he was right after all. ■

to run sth – dirigir (llevar) algo
 flagship store – tienda insignia / principal
 move – medida
 to be in line with sth – estar conforme con,
 estar en consonancia con
 principle – principio
 to provide – proveer
 to pay dividends – pagar dividendos
 immediately – inmediatamente
 purchase – compras
 dashboard – centralita
 to measure – medir
 performance – rendimiento
 segmented – segmentado
 to take sth into account – tener en cuenta
 relevance – relevancia
 repeat-purchase – compras repetidas
 to benefit from sth – beneficiarse de
 word-of-mouth – boca a boca
 to witness sth – presenciar

division – sucursal, división
 to seek sb out – buscar fuera
 to be capable of sth – capaz de
 to deliver – entregar
 to bring sb on board – traer a bordo (traer
 a alguien a la empresa)
 to emulate – emular, imitar
 appointment – nombramiento
 coup – golpe maestro
 web team – equipo web
 frontier – frontera
 to persuade – persuadir
 X's finest – los mejores de
 prospect – posibilidades
 to burn bright(ly) – brillar con fuerza, brillar
 más
 to be on the up – estar en la cima, al alza
 to suffer – sufrir
 to state – establecer
 meaningful – significativo

weakness – debilidad
 to be better off – estar mejor
 equity – acciones, capital
 goal – objetivo, meta
 ultimately – a la larga
 departure – partida, salida (marcharse de la
 empresa)
 toward – hacia
 to acknowledge – reconocer, admitir
 fair salaries – salarios justos
 stake – participación
 authority – autoridad
 task – tarea
 attitude – actitud
 to consider – considerar
 daunting – sobrecogedor
 self-evaluation – autoevaluación
 major impact – gran impacto
 to force – obligar a (obligado)
 to concede – reconocer, admitir