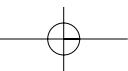
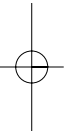
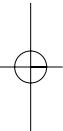


From Lifeguard to Sun King

The Man Behind the Banana Boat®
Success Story



From Lifeguard to Sun King

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Success Story

Written by
Robert Bell

with Joe Carlen

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Contents

Foreword	vii
Preface	ix
Acknowledgments	xi
Chapter 1: Street Smart	1
My childhood and adolescence; growing up and coming of age in Miami.	
Chapter 2: Banana Who?	7
The origins of the Banana Boat brand and how the business got started.	
Chapter 3: Get on the Boat	15
Establishing successful distribution and growing the company into a regional success.	
Chapter 4: Setting Sail	23
Our move up to Orlando and the rapid expansion of our national distribution.	
Chapter 5: Sunscreen and Seeing Green	35
The development of our legendary high SPF and Aloe-based products.	
Chapter 6: Going Bananas	45
The brand's rapid growth into an international phenomenon, the 1988 Olympics, and unexpected challenges.	
Chapter 7: Sun King	51
Attaining mega-success as an industry leader and selling part of my equity in the company.	

CONTENTS

Chapter 8: Sailing Away	61
The drama and intrigue behind the sale of my remaining ownership.	
Chapter 9: Captain Without a Boat	67
Coping with my sister's cancer and trying to find balance.	
Chapter 10: Sea & Ski and Success	75
Reviving a once-legendary sun care brand and cashing out for the third time.	
Chapter 11: The Thrill of the Deal	85
My involvement with high profile real estate and private equity investments.	
Chapter 12: Nothing Like the Sun	93
The growing importance of sun care innovations in the 21st century.	
Conclusion: A Bright Future	103
Appendix: Sun King's Success Principles	107
Index	116

Foreword

As president of the world's largest organization of entrepreneurs, I have dedicated much of my life to entrepreneurship and studying the character traits of some of the world's most successful business leaders. One trait that defines leadership perhaps more than any other is the desire to make a meaningful contribution, whether to a single industry or to society. Robert Bell took the broad view.

In building his skin-protection company, Robert helped change the entire culture to understand and respect the power of the sun. Robert's product innovations have raised the bar in the industry and, even after he sold it to Playtex, the Banana Boat brand is still a top global brand providing great products that smell great, feel great, and help protect society from sun exposure. In so doing, Robert was a pioneer who helped revolutionize not only his own industry, but an entire culture. In many ways, he changed how the world looks at the sun which is why he is fondly referred to as the Sun King.

Despite the long days, sleepless nights, financial burdens and creative demands he endured to build his company, what I like best about Robert is that he's found great joy in entrepreneurship: From coming up with wonderful scents, stronger sun protection formulas, and groundbreaking products to setting up distribution and negotiating huge deals, Robert has had a lot of fun. There's a mindset out there that business is the opposite of fun. But, the cre-

FOREWORD

ativity, the teamwork, the challenge and the thrill of making things happen can make business lots of fun and no one exemplifies that better than the Sun King.

As a David in an industry of Goliath-sized companies, Robert took on the competition and carved out a role for a company that would ultimately reshape the market. Here we have a middle class kid who, with sheer creativity and persistence (and very little money) transformed what was, literally, a garage business in to a top global consumer products brand. The significance of this accomplishment and what it reveals about Robert's superior entrepreneurial instincts cannot be understated. He then applied these same instincts to further successes in sun care, real estate, and numerous other fields. Best of all, he enabled others to benefit from his entrepreneurial savvy as well - advising entrepreneurs and chief executives on the principles, philosophies and strategies critical to building winning companies in today's dynamic business environment.

Clearly, Robert is among the very elite of entrepreneurial successes. That's why his story is much bigger than any particular industry: It's the real-world adventure of entrepreneurship; the power and passion of going for your dream and making it work. Now, through this book, the story of the Sun King will inspire people of all industries and all walks of life to dream big and live large. In my opinion, life's too short to do anything else.

Shelby Scarbrough
President of the global board of directors
The Entrepreneurs' Organization

Preface

I have always believed that the greatest source of wisdom is not theory alone but, rather, an integration of theory and real-life experiences. That kind of wisdom, provided by mentors and role models whom I have met and read about, has been a major asset to me throughout my career. Now, as someone who has attained my dreams by learning many lessons of my own, I am in the position to enrich the lives of aspiring entrepreneurs (and success-minded people in general) with the wisdom drawn from my own experiences. That is the purpose of this book.

The success principles presented within have been consistently effective in my sun-care, private-equity, and real-estate ventures, among others. In other words, they apply to any business, regardless of the industry. Moreover, many of them apply not only to business but to any project or career that one may undertake.

In the process of writing this book, I've taken another look back on my life thus far and realized that I have truly achieved everything I set out to achieve:

- Building Banana Boat from, literally, a garage business to a major international brand
- Innovating entirely new categories in the sun-care industry, and

PREFACE

transforming the world of sun protection forever

- **Becoming a multimillionaire before turning thirty**
- **Cashing out of Banana Boat before turning forty**
- **Returning to the industry to resurrect the dormant Sea & Ski brand into a vibrant sun-care entity**
- **Developing shopping centers and office buildings**
- **Investing, directly or indirectly, in thousands of outstanding companies**
- **Winning multiple national entrepreneurial awards and being honored by both President Clinton and President Bush Sr.**
- **Socializing with Hollywood celebrities and famous athletes, as well as judging beauty pageants**
- **Revolutionizing sun protection yet again, and much more**

It's truly been a "dream come true" for a middle-class kid who would day-dream of becoming rich and famous one day. Here's how it happened...

Acknowledgements

Since this book is the story of my life, I owe the most gratitude to those who gifted me with life: my mother and father. Their unwavering love, kindness and support for all their children (including this wacky entrepreneur) was legendary. I would also like to thank my beloved late sister Judy for being such a beautiful and caring soul during her all-too-brief life (God bless her). Aside from being my outstanding legal advisor throughout my career, my brother Alan deserves great thanks for his tremendous friendship and loyalty. I would also like to thank my sister-in-law Chamonix for her support, and Ashlee, my wonderful niece, for all her unconditional love.

Besides being part of a strong family, I have been blessed with some terrific friends in my life: Barry Hechtman, my accountant, business partner and best friend since childhood. Monica Sanchez, an unrelenting source of support and loyalty, along with fellow officemates Kim and Barbara. My old buddies from Westchester; I'll never forget our "Glory Days" of playing football, hanging out on Miami Beach, and our endless adventures. Craig Kampel, a close friend and confidant ever since we were college roommates. Dave Karmen, a true friend in every sense. Bob Pierce, my right-hand man from the beginning of the Banana Boat enterprise and the walking definition of integri-

ACKNOWLEDGEMENTS: ROBERT BELL

ty, loyalty, and friendship.

Regarding my business career, there are many fine people to thank: Ron Rice, Jack Katz, and Paul Burke (of Hawaiian Tropic, Panama Jack, and Native Tan, respectively) for being true pioneers in the industry and inspiring me to build my own brand. Mitch Maidique, the president of F.I.U., for making my alma mater great. John Borresen, for being my business mentor. Randy Pegram, the one who made it all possible, and Jack Stamen, for introducing me to Randy. My heartfelt gratitude goes out to Playtex for adopting my “baby” and treating my dear Banana Boat with love and care. Thanks as well to Coppertone/Schering Plough for leading the industry for over fifty years.

Of course, my utmost gratitude is due to the Sun Pharmaceuticals “all-stars”: The entire executive management team and each and every employee in every department. In particular, I would like to thank my three executive assistants: Andrea Conklin, Denise Fernandez, and Jessie Perez. Special thanks to longtime employees such as Clarise Pinder and Debby Coles. My thanks and appreciation goes out to our stellar distributor network: Fred Davis, John Winning, Larry and Lilly Lau, Calvin Pippin, J.C. and Linda Zavala, and Danny and Sherri Rumph: Thanks for your service and friendships. Other top performers include John and Jane Pitt, Rick and Jane Bechtel, Shirley Bechtel, Jim Friedman, Dee Stahria, Charles and Carol Plesner, Ron Jones, Clark Rambo, and John and Karen Schofield. It could never have happened without all of you.

I would also like to thank my co-author Joe Carlen and my publisher Author Chou for their wonderful help in making this book, a longtime goal of mine, a reality.

The support from all of you has helped make my dreams come true. I've generally considered myself to be fortunate. Looking back on the people I've had the privilege of sharing my life and career with, I feel very fortunate indeed. I love you all.

CHAPTER 1

Street Smart

I was born just across the street from Manhattan's Central Park, at Mount Sinai Hospital on June 21, the first day of summer (curiously, the day of the year with the most sunlight). I was the second child of a restless New York couple intent on relocating from the Big Apple to the sunny shores of Florida. In retrospect, our move to Miami Beach less than three years later proved to be pivotal in shaping my career and introducing me to the industry in which I chose to make my mark. Leaving there so young, I don't have many recollections of New York and what I do remember is primarily from visits we made to relatives every few years. I've always loved the energy of Manhattan, but Miami was home for me.

I grew up in a modest and fairly typical middle-class home in Miami. My father was a licensed real-estate agent who sold land in the Everglades and beachfront time-share properties for various developers. My mother was a traditional American housewife (and the kindest person I ever knew), who dedicated her life to raising her three children: my older brother, my younger sister and I. As it remains today, Miami was a top tourist destination for "snowbirds" from all over the Northeast, the Midwest, and beyond. After 1956, the city was also known for its large Cuban community. This influx, consisting of very wealthy and educated expatriates as well as those on the lower rungs of Cuban society, was the source of both increased crime/poverty in some areas

From Lifeguard to Sun King

and tremendous cultural enrichment in others. So, the city was vibrant, creative, and exciting, but not without its dangers.

We were fortunate enough to live in a two-bedroom home with most of the necessities, but none of the luxuries, of middle-class life. Moreover, seeing our father leave for work at 5:30 a.m. and return home after 9 p.m., made it clear to us that whatever we did have could not be taken for granted. Clearly, it was the product of VERY hard work. My father's work ethic was far beyond just putting in a good day's work. He believed in working so hard that, on any given day, there was no possible way any of the competition could have attained the same level of productivity.

As a salesman, my father recognized that, to a great extent, rewards were commensurate with efforts. The more sales calls he made, the more leads he would develop, and, ultimately, the more sales he would close. The primary lesson I learned from my father, one that proved to be critical to success in a competitive industry, was the importance of outworking the competition. In light of my brother's successful legal career, my sister's successful chiropractic career, and my successes in business, it is obvious that Dad's work ethic left a deep impression on all of us.

Yes, my two siblings became professionals and I became an entrepreneur. It is not entirely surprising as I was always a little different from my siblings. It's not that I didn't get along with them (although my brother and I did have our share of fights and my sister and I would tease each other from time to time), but our interests were different. Above all, I was never as focused on schooling as either of my siblings. In school, I was probably one of the least likely to succeed, at least from an academic standpoint. In retrospect, I understand why: I simply don't do well in a regimented and structured environment which, of course, is what a grade-school classroom is. Additionally, I was a little hyperactive and found it difficult to focus my attention on what was being taught in school. Even as a child, I was a deep thinker and, while the teacher would be talking, I would daydream about football (often visualizing different ways of throwing the perfect "bomb" to the end zone) or something else that *really* interested me. Due to my lack of enthusiasm for schoolwork, instead of studying long hours, I started taking all kinds of jobs at a young age.

Growing up in Miami, I took a lot of jobs at pools and at the beach. As a pool boy, one of my responsibilities was actually to help sell certain sun-care products. Later, as a lifeguard, I learned even more about the different products people were using, what they liked and didn't like about them, and the positioning of the various products that were on the market at that time. I took other jobs as well, from pumping gas to washing dishes to construction to loading UPS trucks in the early morning. I was always eager to get out there to work and make money. The time I spent working on those "gritty" jobs gave me an early education in customer service, pricing, and even negotiation. It gave me the "street smarts" that they just don't teach in school. As someone who doesn't like being told what to do, taking orders from people in a structured employer-employee environment just didn't work for me. That's when I realized that I was born to be an entrepreneur.

My mother would have preferred that I adopt my siblings' study habits but it just wasn't meant to be. In fact, not only was I not taking school very seriously but I was actually a bit of a troublemaker, especially during my adolescence. I had more restless energy than I could contain and an appetite for risk and adventure that landed me in hot water with my parents (and other authorities) on an all-too-regular basis.

This unsettling trend reached its peak in my early teens. By the time I was thirteen, I was, without the permission of my father or the state of Florida, sneaking out of the house in the middle of the night to drive my father's car for a few hours before he went to work. When the inclination struck me, I would sneak into my parents' room while they were sleeping to pick up the car keys. Then, I would sneak out of the house (often through the window), and proceed to drive my father's vehicle around the beach, usually picking up a few other misguided adolescents for the ride.

This illicit thrill continued until one particular morning around 4:00 a.m. when I was driving Dad's car back home from a few hours of late-night cruising with my friends. I was feeling good, sure that I had "pulled it off" again and that I would just park the car and slip back into my bedroom unnoticed. In fact, I was about to be taught a very painful lesson: Less than a block before our house, the two front tires blew out and worst of all, my father was off to

From Lifeguard to Sun King

work especially early that day for a very important meeting. So, just as he stepped out of the house that morning, not only was he subjected to the shock of seeing his thirteen-year-old unlicensed son pulling in with his car but, due to the blown-out tires, he realized he couldn't even drive his car to the meeting! My parents were firm believers in corporal punishment so, when I say it was a painful lesson, I mean that in the most literal sense imaginable.

Unfortunately, I didn't learn my lesson well enough. After that incident, I stopped sneaking out in my *father's* car but, as far as I was concerned, the neighbor's housekeeper's car was fair game. (Clearly, my logical reasoning abilities were not fully developed yet.) So, late at night, I snuck out of the house, hotwired the housekeeper's car, picked up some friends, and went down to Royal Castle, the local burger joint. Unfortunately, I failed to realize that some cops at the very same eatery were eyeing us, the suspicious group of under-age adolescents who had pulled up in a car. Less than an hour later, my poor father was awakened by an unexpected phone call:

"Mr. Bell?"

"Yes."

"This is the Miami Police and we have your son Robert here with us at the station."

"No. That can't be. My son's sleeping in his room."

Suffice it to say, that NEVER happened again.

Due in part to my parents' discipline, and a brief stint in military school, by my mid-teens, I was a little more settled. My interest in athletics, a constructive outlet for my energy, adventurousness, and competitive spirit, helped keep me out of trouble. I was active in basketball, baseball, wrestling, and even a little boxing. However, I *excelled* in football, by far the most popular sport in Miami during the heyday of Don Shula's Dolphins.

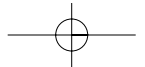
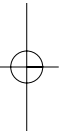
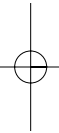
My father played a central role in fostering my enthusiasm for football. He actually took me to see every game during the legendary 1972 season when the Dolphins achieved an unprecedented 17-and-0 (i.e., "no-loss") season. He would say, "Wouldn't you like to do that when you grow up?" Although he

never explicitly pressured me to play the game, his passion for it left an impression on me. In fact, many of his mannerisms reminded me of none other than Don Shula himself, my childhood hero. Both of them practiced a no-nonsense, hard-working, and consistent approach to business and life.

I was so excited by football that I seriously considered it as a viable career option. It almost happened; I was a successful quarterback in high school and college and I even played semi-pro for a while. Although it didn't pan out as a career, it was definitely a blessing for me, especially in high school. Drugs and gangs were prevalent at Coral Park High and, to this day, I credit sports with keeping my restless energy focused on something constructive. Although I was still a bit of a rebel in some ways, sports helped keep me on the right track. I also credit my participation in sports, especially as a football quarterback, with teaching me leadership, teamwork, persistence, discipline, and respect for my opponent.

The values I learned through sports proved to be of significant benefit to my entrepreneurial endeavors. Of course, the one thing my interest in football did not help was my struggle with academics. I was still a mediocre student in high school and, if not for the urging of my parents, I might not have gone to college. In retrospect, I'm very grateful that I did.

In the fall of 1978, when I entered Miami Dade Junior College, I was still uncertain of what I might become and I actually chose to major in accounting. However, not long after, I discovered that my true calling was to become an entrepreneur. Although I found elements of accounting to be interesting, I just didn't have the passion for it as a full-time career. So, committed to becoming a successful entrepreneur, I changed my major to accounting *and* business. I took mostly accounting and marketing courses, my rationale being that these would be the most relevant to my future endeavors. I was right about the courses but I had no idea how soon they would come in handy. Within only two years, while still in college, I already embarked on the "future endeavor" that was to define my business career.



CHAPTER 2

Banana Who?

During my early-to-mid teens, while I was working as a lifeguard and pool boy on Miami Beach, I was, of course, surrounded by sun-care products (which, at the time, were usually referred to as suntanning products). As a pool boy, I worked at some of the top resorts on the beach like the Fountainbleu Hilton, Castaways, and some of the Holiday Inns in the area. In all of those places, pool boys were required to sell sun-care products to vacationers at the pool. Not only did we sell these products, we educated our customers on the best way to apply the lotions, suntanning and safety tips, etc.

I have great memories from this time—in fact, some of the best memories of my life. In many ways, I was running my own business on those pool decks and learning firsthand how to sell successfully. There was very little structure and pool boys were given a lot of latitude which suited me just fine. Also, being so shy when I was young, I found that working at these places was a great way to meet people, overcome my natural shyness, and meet girls. Best of all, I had a lot of time and opportunity to learn about my new obsession: the sun-care industry.

Being the curious person that I am, I learned everything I could about all the different brands that were used back then. I would test out the different brands myself by, for example, lathering one brand on one leg and a competing brand on the other leg to see which produced a better tan. I was especial-

From Lifeguard to Sun King

ly eager to find out what the public thought about each product. So, every chance I could, I would ask sunbathers what they preferred about one particular product versus another and so forth. What became apparent was that people were generally not satisfied with what was being sold on the market at that time. Instinctively, I knew there was a significant opportunity in this market, so I went to work.

Although it would be several years before I launched Banana Boat and operated a sun-care business, I acted upon my instincts by experimenting with product formulation. In the quest for better scent, feel, and tanning effect, I began mixing different lotions, oils, and fruits together. As a pool boy, I was ideally positioned to get immediate market feedback on my concoctions. It was very gratifying to come up with something to which sunbathers would react favorably: “Do you have any more of this stuff? It smells wonderful!”

Working for a company known as Pool Boys International helped crystallize my vision for a revolutionary suntanning product. A chain of pool concessions with a presence in resort areas across the country, PBI was heavily concentrated in Florida, their largest market and the home of their Daytona Beach headquarters. The company was owned and operated by Dave Hampton, a highly charismatic leader and an outstanding salesman. He had negotiated a win-win deal with some of the top resort chains to supply his “pool boys” (usually ex-lifeguards like me) to take care of the pools. We would clean the pools, change the chemicals, maintain the proper pH etc. In exchange for this free service, PBI was authorized to rent out chaise lounges and umbrellas, and sell its own line of suntanning products to the hotel guests.

Despite the fact that this line of suntanning products, known as Beach Buff, was priced at a premium, it still managed to sell. That’s because all the pool boys were trained by the company with a sales pitch that was surprisingly effective with many of the fair-skinned sunbathers from up north: “This stuff is Florida-made, specially formulated for the hot Florida sun, unlike those other brands. It’s the ultimate tanning lotion—no burns, no peeling, long-lasting tan, etc.”

Of all its features, what was most intriguing to me was the fact that Beach

Buff was nongreasy. From my lifeguard experience, I knew that was the primary complaint that people had with the major tanning products. All of the top national brands like Coppertone, Hawaiian Tropic, and Johnson & Johnson were very greasy. The greasiness was such a turn-off that some preferred not to use tanning products at all and would rather risk a burn than be “spackled in grease.”

So, my stint at PBI was definitely a milestone for me: Above all, the success of the Beach Buff product proved that there was a largely untapped market for a nongreasy product. Even back then, I sensed that there was an opportunity to develop a product that, like Beach Buff, was nongreasy. But, unlike Beach Buff, it would have a more exotic scent than the major brands, *feel* better on the skin, and provide better sun protection. Additionally, from a distribution perspective, it would directly compete with the top brands on the store shelves. I started to visualize that the people I saw around the pools and on the beach would be using my product one day.

The other reason PBI was a milestone for me was how it spurred my development as a salesman. Previously, my sales skills had been lacking but, due to the training I received from PBI, I became an effective salesman. Also, I had the good fortune of sharing the pool deck with Gary Nalepa, a good-natured Southern boy from Kentucky who would sing Elvis tunes all day (“Oh, baby don’t be cruel...”). Gary was a great guy, very honest and personable. He connected with prospects in a very warm and personal manner and, in the process, sold a *lot* of product. I was a little more aggressive but, after observing Gary’s strategy, I developed a friendlier sales style to which people were very receptive. I had finally come into my own as a salesman and I knew that as long as I believed in a product, I could sell it. On some days, I was earning over \$300 in commissions, and since this was back in the ’70s, my confidence was well-justified.

In the summer of ’78, I was actually granted my own PBI distributorship up in Virginia Beach, VA. My distributorship covered five pool decks as well as the opportunity to distribute Beach Buff in retail outlets. Unfortunately, PBI was already undergoing some internal operational problems by this time and, not long after, the Beach Buff brand changed hands and was never the same.

From Lifeguard to Sun King

Nonetheless, my experience at Pool Boy International played an important role in my entrepreneurial ambitions for the industry. I was now on high alert for the right opportunity.

That opportunity came smack in the middle of my college years. I attended Miami Dade Junior College for two years preceding a semester at the University of Miami. Then, due to a football scholarship, I actually spent a semester in North Dakota. Finally, just when my parents had lost all hope, I returned to Miami and enrolled at Florida International University. I also worked for a time as a sales representative for Sun System (a new tanning brand from France) and played a significant role in helping that brand penetrate the U.S. market. However, I never stopped thinking about developing my own brand. Fortunately, it was right then, in 1980, when it happened.

My friend Randy owned and operated a small chain of gift shops in Key Largo which were fairly successful. When I found out that he had his own brand of sun-care products that he sold in his shops, I was immediately intrigued. There had been several limited attempts to distribute his brand to other retailers but, aside from his own shops, the brand was not actively distributed at that time. When Randy told me its name, “Banana Boat,” my first reaction was that, initially, it might be difficult to market but, once we got it off the ground, that name would have a real “hook” to it. Incidentally, a banana boat is a comfortable tube-shaped boat for sightseers (and others) that is tied to the back of a motor-powered boat and escorted around the tropics. He came up with the name to represent a sort of “tropical fantasy,” very much in the Florida Keys’ Caribbean-style vibe. Even if people were not aware of the technical definition of the term, the imagery of fruit and boating were great associations for a sun-care product. It really was the perfect name: memorable, alluring, and *fun*.

What I wasn’t so keen on was the product itself. It was the standard sun-tanning lotion of the day—in other words, it was a bit greasy. So, I asked to be a partner in Banana Boat with the understanding that, besides being in charge of marketing and distribution, I would also take the lead on improving the product as I saw fit. As for Randy, he would put up the money for the manufacturing since, unlike me, he actually had some back then. He had his com-

pany called Sea Color Labs and I formed Sun Labs International Inc. Sea Color would be the manufacturing entity and Sun Labs would be the marketing and distribution entity. Although there was an interlocking relationship, essentially, I financed my side and he financed his side of the business.

Toward the end of our first year of operations, we were definitely hitting some important milestones. Although we only sold around \$20,000 of product in that first year, things were starting to move. We were operating in a market dominated by large and established companies, some of which were owned by multibillion-dollar multinational corporations: Coppertone was, and still is, owned by Schering-Plough Healthcare Products (the company behind Claritin and other top brands). Procter & Gamble and Johnson & Johnson were also major competitors in this market and Hawaiian Tropic was already very well established by that time. So, considering who we were up against, we had definitely made good progress.

Although the numbers were growing very steadily from month to month, the pace of growth was less than what Randy had expected it to be. So, as the venture was drawing a lot of his time away from his gift shops and other projects, he lost his enthusiasm for Banana Boat. To really make it fly, a major commitment of both time and money would be required. But, for him, Banana Boat was a relatively low priority while, for me, it was my life's passion.

So, by the end of that first year, for a very modest sum of money payable on an installment plan, I bought his remaining interest in the brand. We parted ways very amicably: Although Randy didn't have any financial stake in the tremendous growth that ensued afterward, he told me that he "got a big kick" out of seeing and hearing about the Banana Boat brand everywhere. After all, he was the one that came up with that goofy name!

Although I was barely twenty-one years old, I was wise enough to realize that this opportunity that I'd been dreaming about for years—to build a new sun-care brand from the ground up according to my own vision—could not be taken for granted. I would persist through any obstacle no matter what. For me, there could only be one focus until I succeeded, and that focus would be Banana Boat.

From Lifeguard to Sun King

Perhaps the best illustration of this single-minded focus was that almost every room in my parents' house became storage space for inventory. Boxes were absolutely *everywhere*. I even made good use of the garage by converting it into a makeshift office. From product development to promotions, stocking inventory to selling stores, product displays to product deliveries, in the beginning, I did it *all*. Eventually, I hired a part-time secretary that worked there roughly three days a week. That garage, cobwebs and all, was actually corporate headquarters for over eighteen months, until we ran out of excuses to tell people about why we couldn't meet them at our "offices."

From a sales perspective, things were challenging at first. Shop owners listened to the Banana Boat sales pitch with a baffled expression and, when it was done, would often respond with something like: "Huh? Banana who? We don't sell bananas here. It's a surf store." Nonetheless, I was still convinced that once we got to a point where people would associate the name exclusively with sun care, the novelty of the name would start to work in our favor.

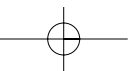
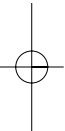
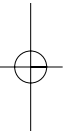
From a product perspective, I knew that the top priority was formulating a nongreasy product. With the assistance of a hired chemist, I did just that: We developed several "dark tanning" and sunscreen products with varying levels of sun protection that were all 100 percent lightweight and nongreasy. The formulations also smelled heavenly with an aromatic blend of banana and cocoa rum, as opposed to the standard coconut smell of almost every other product on the shelves. Another distinguishing factor was our packaging: bold, colorful, and eye-catching, a definite departure from the monochrome white or dark-brown bottles of the competition. With all of these distinguishing features, the product was a significant innovation for the time. Competitively priced, the product offered a powerful value proposition to the market.

By this time, I was completing my bachelor's degree at Florida International University (FIU) and was taking some great marketing courses. One of the foundational lessons of modern marketing is a concept known as the "4 Ps": Product, Price, Place, and Promotion. The idea being that, if a company can master all four of these elements, success is virtually assured. I was committed to optimizing all four dimensions of our company.

It was a great, non-greasy product, absolutely unique in the market and I was developing a good working relationship with the regional contract manufacturer that made and packaged the product. I set pricing strategically—slightly lower than the competition but high enough to earn healthy margins and be perceived as a high-quality brand. In terms of place, i.e., distribution, Banana Boat was making strong headway, getting the product placed into dozens of surf and dive stores all over South Florida. Promotionally, the company was starting to capitalize on our fun and exotic brand with lively sponsorships, radio promos, and other creative (and relatively low-budget) marketing efforts.

Regarding promotions, Ron Rice, the entrepreneur who founded Hawaiian Tropic in the late '60s, was a role model for me in this regard. He soon became Banana Boat's fiercest competitor and, sometimes, the competition was a little "less than friendly." Nonetheless, there is no denying that due, in large part, to his creative and cost-effective promotions (bikini contests, Miss Hawaiian Tropic, etc.), he competed successfully against huge companies. I wasn't overwhelmed by his product but he mastered promotions in the industry like no one else.

So, the 4 Ps from my marketing class really *did* mean something! It was great to be running a business while taking those business courses. From the marketing courses, I learned to see the fundamentals that were at play in how I positioned, priced, and placed the product on the shelves. From my accounting courses, I learned to read our balance sheet, set up the books, and make sense of our cash-flow situation. In my view, nothing, not even an Ivy League MBA, can beat going out there, starting a business, and learning in the real-life "classroom" of the business world. However, the business education that I got did help significantly. Although I might still have made it without it, it certainly gave me a good foundation that became increasingly important as things *really* started to move.



CHAPTER 3

Get on the Boat

1981. There I was, twenty-one years old, with the ink still wet on my university diploma (Bachelors of Business Administration—with honors—from FIU), with my very own sun-care company. Appropriately enough, my final thesis for my degree pertained to the successful marketing of products in the sun-care industry. By that point, I felt that I had earned the right to address that particular topic with some authority.

There's no question that I had already made some small strides toward my ultimate goal of distributing and promoting a top sun-care brand: Sun Labs International had some (albeit limited) distribution in the Florida market, some very strong products, and great branding potential. Moreover, Bob Pierce, the first distributor, was becoming an outstanding "right-hand man" for me, as he would remain for as long as I managed the company. In fact, he and I have remained close friends to this day. What the company didn't have, especially after I bought out Randy's interest, was sufficient capital to build on the opportunities that lay ahead of us.

Moreover, as an unusually young and inexperienced entrepreneur with a still unproven business concept, the banks were not especially eager to do business with me. So, the rejected loan applications started coming back with a predictability that was getting a little unsettling. However, I was committed and convinced that, as long as I persisted, I would find a solution. As always, I did.

From Lifeguard to Sun King

No matter what, it's paramount to maintain an inner faith in one's business (or project of any kind) even, perhaps *especially*, when facing obstacles that can seem insurmountable. Adhering to that faith is the only way to maintain persistence which, in my view, is the single most important character trait for success in business. There are so many talented entrepreneurs that fail in business not because they're not smart enough but because they throw in the towel at the first sign of trouble. Instead, what's needed is an attitude of proactive strength. Be willing to tackle problems head-on and even *expect* problems to keep arising. Learn to enjoy the problem-solving process and the tremendous satisfaction that comes from rising above obstacles, one by one.

So, undeterred by the rejections, I kept approaching other banks until, finally, I got lucky (the "luck," of course, being the product of an extended persistent effort). I approached a bank where, as it turned out, the father of an acquaintance from high school was working. So, he became an internal champion for "the cause," helping me to secure a \$50,000 loan from the bank. Moreover, most of the terms of the loan were surprisingly reasonable in light of my youth and inexperience. However, there were aspects of the loan that indicated that the bank had some concerns about "that banana kid":

First, anything that was directly or indirectly involved with the operations of Sun Labs International was now officially collateral for the bank loan, i.e., all inventory, trademarks, product formulas, and personal guarantees...even the house I was renting from my parents! Furthermore, I was obligated to adhere to the bank's requirements for maintaining certain levels of receivables, inventory, and other vital figures.

Second, the bank was determined to keep a very close eye on all my operations. Consequently, I was forced to look more closely at my own business than I had thought necessary. They wanted more detailed financial projections, comprehensive marketing plans, and more extensive documentation of *everything*. Our record-keeping would have to be upgraded considerably (so bills tacked onto the refrigerator door wouldn't cut it anymore). Understandably, the bank insisted on tracking every penny that passed in and/or out of the company. A friend of mine from grade school, Barry Hechtman CPA, played a prominent role in establishing solid financial con-

trols.

Although it wasn't easy, this intensified fiscal discipline, which seemed a little draconian to me at the time, was well worth it. It was due to these more rigorous financial practices that we gained full documented control of our expenses. This made for a more efficient and, ultimately, more viable, business. I had learned enough about corporate finance to appreciate the importance of tracking costs; businesses that can't get a handle on their expenses tend not to last very long. The first way of getting a handle on expenses, especially in a complex operation involving multiple products, is to track them aggressively. This provides the required information for making reasonable financial projections which, in turn, leads to better spending/investment/hiring decisions. Frugal by nature, I welcomed the more detailed financial monitoring and kept a very close eye on all company expenditures.

The good news was that we now had \$50,000 with which to take our growing business up to the next level. That was extremely positive but we certainly weren't "out of the woods" completely. We stretched the loan funds as far as they would go. But when so many things had to be covered: products/chemicals, bottles, dozens of other miscellaneous product-related costs, as well as growing personnel costs, that money could not last long. Fortunately, due to the improved financial controls that we had in place, we recognized the looming cash-flow crisis in advance. So, we allocated resources strategically: Most of the loan funds were spent on producing inventory that would be sold for a profit and I saved much of the remainder in a "rainy day" fund that would help us out if we ran into any unanticipated challenges. At that point, all other expenses were secondary.

Our biggest expense was what we paid to the contract manufacturers that produced and bottled our proprietary sun-care formulas. So, as a new client with a growing brand, we thought that we had some leverage to negotiate liberal payment terms with these suppliers. Our message was: "Be flexible with us now and you'll benefit in the long run as we continue to grow." Some of these manufacturers agreed while others didn't. Those that did gave us ninety-plus days to pay for supplies. Those that didn't missed out on a lot of business. As we promised them, the suppliers that were willing to work with us

From Lifeguard to Sun King

benefited tremendously from our steady expansion over the next few years.

Generally speaking, there are always some suppliers, especially midsized-to-larger ones, that are willing to be flexible with new enterprises where they can see some long-term potential. Unfortunately, there are plenty of “fly by night” operations that ask for liberal payment terms and then go bankrupt or disappear. This forces suppliers to foot the bill and leaves them leery of new businesses. So, in order to feel comfortable offering special terms to startups, suppliers want to know that the people that they’re talking to are genuinely committed to the business for the long haul.

As well, a new business has to demonstrate, by both word *and* action, that it’s a trustworthy entity run by people who follow through on their promises. Especially in the ramp-up stages of a product-driven business, it is critical to developing strong win-win relationships with suppliers. After all, they are indispensable to the success of the business.

From the outset, I was committed to building strong supplier relationships. To this end, I made sure that I was well-prepared for each meeting with a new supplier. With a powerful presentation highlighting the unique features of the brand and the company, I won the suppliers over. Moreover, I was able to obtain favorable payment terms from them. Despite being a young manager of a new company, they could see that I was honest and dedicated and that my brand had strong sales potential. Consequently, they figured that, unlike many other startups, Sun Labs would be likely to “make good” on all commitments. They were right.

The bank loan, coupled with the liberal financing terms we negotiated with our suppliers, gave us the wherewithal to move forward. Finally, we were equipped to expand our market share through aggressive distribution and promotional initiatives. Moreover, we no longer worried about providing sufficient inventory to meet the increased product demand that our marketing campaign was generating.

In terms of distribution, Bob Pierce, as Sun Labs’ first independent distributor, proved that our distribution model worked well. Our distributors would be independent entities exclusively licensed to distribute **Banana Boat**

within a designated area/region, e.g., Miami Beach. Each distributor would earn the difference between the price we were selling to distributors and what the retailers would buy the product for. Essentially, these distributors were all unsalaried workers running their own businesses. Moreover, distributors would actually pay us a fee to become official licensed distributors of Banana Boat products. So, it was all upside for us and very little risk. However, in the case of Pierce, I recognized that he had certain strengths that would be very helpful internally, in the heart of Sun Labs, as opposed to an arm's-length distributor relationship.

Bob Pierce was among the most honest, loyal, and hardworking individuals one could know. This was due, in part, to his military background but mostly, it was simply who he was: an honorable man of high integrity with an unrelenting sense of duty. I had matured from my adolescent delinquencies and certainly was not crooked in any sense. However, I was young, aggressive, hell-bent on success, and ethics was not the foremost issue on my mind. Pierce brought it to the forefront, clarifying that, in the long run, the only way to be successful is by "walking the straight line." He said that violating the rules might be tempting in the short run but, sooner or later, it will catch up to a business and possibly destroy it. That's just the kind of solid person an overambitious youngster needed as wingman.

Moreover, from a promotional perspective, he was a natural face-to-face salesman. Initially, as the company's first distributor, he made an excellent impression on the retailers. Consequently, he was able to get a substantial number of independent retailers on board. He managed those relationships very well and received a lot of valuable feedback from our first retailers about all aspects of the Banana Boat products. So, he was the natural choice for enlisting, training, and managing a network of distributors across Florida.

Pierce, as well our secretary, Pat, freed me to do what I do best: orchestrating everything from the "command-central control center," as I like to call it. At that time, besides financing and maintaining the supplier relationships, I had a number of other roles: product development, expanding our network of retail outlets (i.e., selling the company to the regional drug store chains and other larger vendors), and managing a regional promotional campaign that had

From Lifeguard to Sun King

to be both effective and *cost-effective*. Additionally, like Pierce, some of my time was also devoted to strengthening existing distributor relationships while developing new ones.

From both a promotional and fiscal standpoint, the smartest thing we did was to focus all our marketing initiatives on Florida. We reinvested some of our profits into regional radio promotions, event sponsorships, and select print advertising. Radio worked particularly well for us, especially since many of the regional stations were open to product giveaways and all kinds of other promotional tie-ins. Besides a small quantity of product, essentially, these promotions were free for us. These, coupled with sponsorships of certain beach-oriented community events, were effective in reinforcing the association of the Banana Boat brand name to a sort of Caribbean-style “escape” from everyday life. At every community event, we always had plenty of product samples on hand—a very successful marketing tactic for us. We did have a great product so, once people had the opportunity to try it, they tended to seek it out as their brand of choice.

By 1983, things were really starting to come together for us at the regional level. Our start-up “garage” phase was definitely over. We were now operating from a semi-professional warehouse/office suite in Miami. Besides Bob, Pat, and I, we also had two part-time warehouse staff and several distributors throughout the region. Our promotional presence was strong and all our distributorships were doing very well. Besides the surf and dive shops, Banana Boat was now on the shelves of gift shops, drug stores, and other heavily trafficked general retail outlets throughout the region. In other words, Sun Labs was becoming a regional success.

For me, making a success out of my company at the regional level was a vindication of the product, the branding, and the distributor model. It was also a vindication of our “divide and conquer” strategy. With our limited resources, it would have been disastrous to go national. Our resources would have been spread so thin that they would have had very little impact against the likes of Johnson & Johnson, Procter & Gamble, and Schering-Plough. By concentrating on one regional market, we were able to establish a recognized brand within that market, gain solid market share, and establish a basis for further expan-

sion.

The ultimate objective was to go national but we felt that we should consolidate the expansion of Sun Labs throughout the “Sunshine State” of Florida first. Miami, on the southern edge of the state, was no longer the optimal location for Sun Labs. So, we relocated the entire operation to Orlando (in central Florida) where the Banana Boat *really* started to sail.

