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Inc.

The Handbook of the American Entrepreneur

Confessions of an Entrepreneur's Wife

“I thought I
knew business.
I thought I
knew my
husband.
I was wrong.”

— Phaedra Hise

March 2006
\$4.99 US \$5.99 Canada



He's the cool boss, the take-a-year-off-to-snowboard guy, the company owner who leads by doing only what he loves. But he's also an intense and talented businessman—which is the real story of why Jake Burton of Burton Snowboards utterly dominates a \$400 million industry

{ By Josh Dean
PHOTOGRAPHS BY
Katie Murray }



Life's
good when
the family
is close
by.

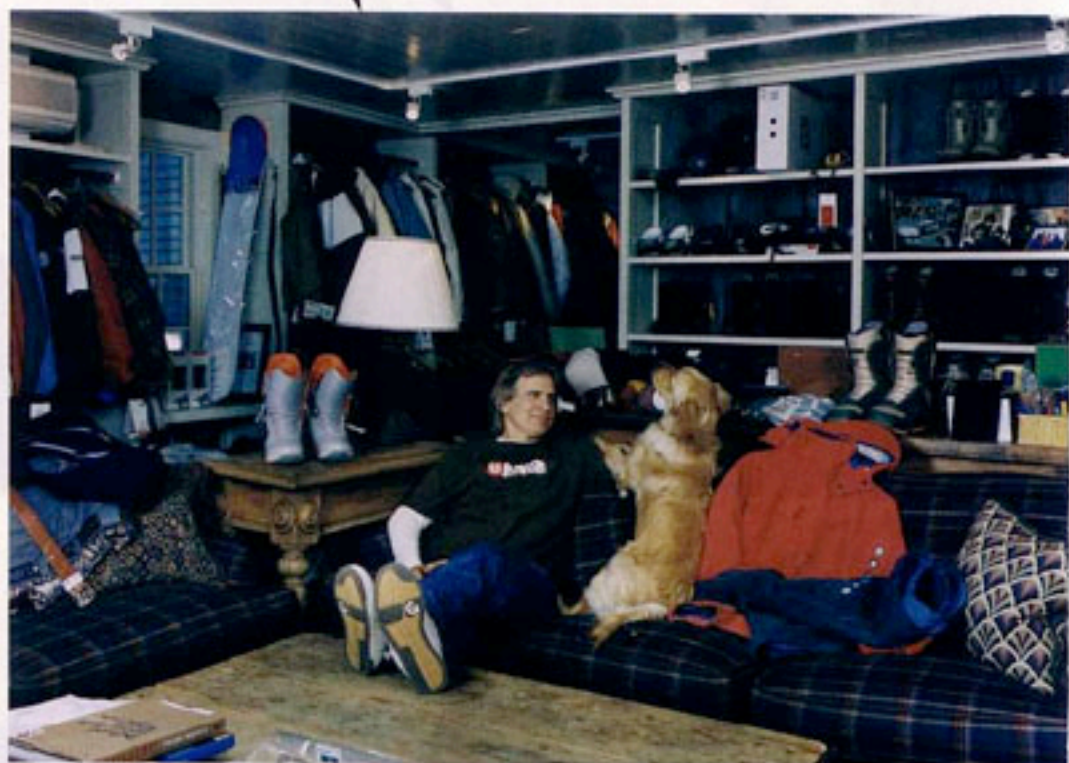
These
guys
count
too.

Ah,
that
Vermont
air!

Jake
Burton
100%

It Only Looks Easy

The
home
office



I had been told not to worry, that I'd know him when I saw him, that even in a thick coat, ski cap, and goggles he just sort of looks like you think he would, whatever that means. Jake Burton, the public relations person for Burton Snowboards had told me, "just has an aura." The weird thing is, it was him who spotted me. I was wandering around the lodge, looking for a dude with a halo, or perhaps backlit with the golden glow of a permanent sunset, when a guy with shaggy hair and thick black eyebrows waved at me from the food line. "You must be Josh," he said, appearing a bit less kempt than I had imagined a person with an aura would be. "How did you know that?" I answered. "You looked like you were looking for somebody," he said. "And

I kind of know everybody else."

This was the lodge of the Stowe Mountain Resort, a northern Vermont ski mountain (owned by the AIG insurance company, oddly enough) that is Jake's home hill, one that he can see if he cranes his neck from the porch of his house in the woods. I apologized for my timing, for taking him away from what snow-

boarders call a powder day. So far, six inches had fallen. Eight more were expected. "No worries," he said. "We had a great morning." Burton, it turns out, had been out since the lifts were first cranked up at 8 a.m., cutting up the virgin snow with the oldest of his three sons, George, who for some reason was not in school, perhaps because it was a powder day.

"You're gonna love it out there," he said to me, giving my shoulder a smack. "Great day to learn."

A little backstory: When I first broached the idea of getting to know Jake Burton, someone (perhaps me) mentioned that it would make sense to meet up on the mountain, to see the man who fathered a sport in the very environment in which it was born. "Do you need to borrow a snowboard?" the Burton rep had asked me. "No, no," I told her. "I ski." She laughed. "Not with Jake you don't." Which meant that, apparently, I would be taking up snowboarding.

"I have my own method of teaching," Jake said, back at the lodge, as he filled a Styrofoam cup half full of coffee and then topped it off with hot chocolate. He said that by the time we were

propelling oneself on flat ground, and then we were off to the lift, where even in cap and goggles Jake was greeted by kids and adults, lift operators and ski instructors. I was asked multiple times if I knew how lucky I was to be getting this lesson—once by a ski school teacher who added that Jake is the "Howard Stern of snowboarding." To this day, I'm not sure what he meant.

My ensemble, though, spoke clearly. My board, boots, and bindings were Burton. My helmet was R.E.D., a division of Burton. My goggles were by Anon, also a division of Burton. My pants: Burton. Only my jacket belied the trend. It was Special Blend, owned by Four Star Distribution. Come to think of it, Burton bought Special Blend in 2004. Though the hardware was provided by Burton, the soft goods were mine. I had, without realizing it, purchased three items from three brands, all of them with Burton DNA.

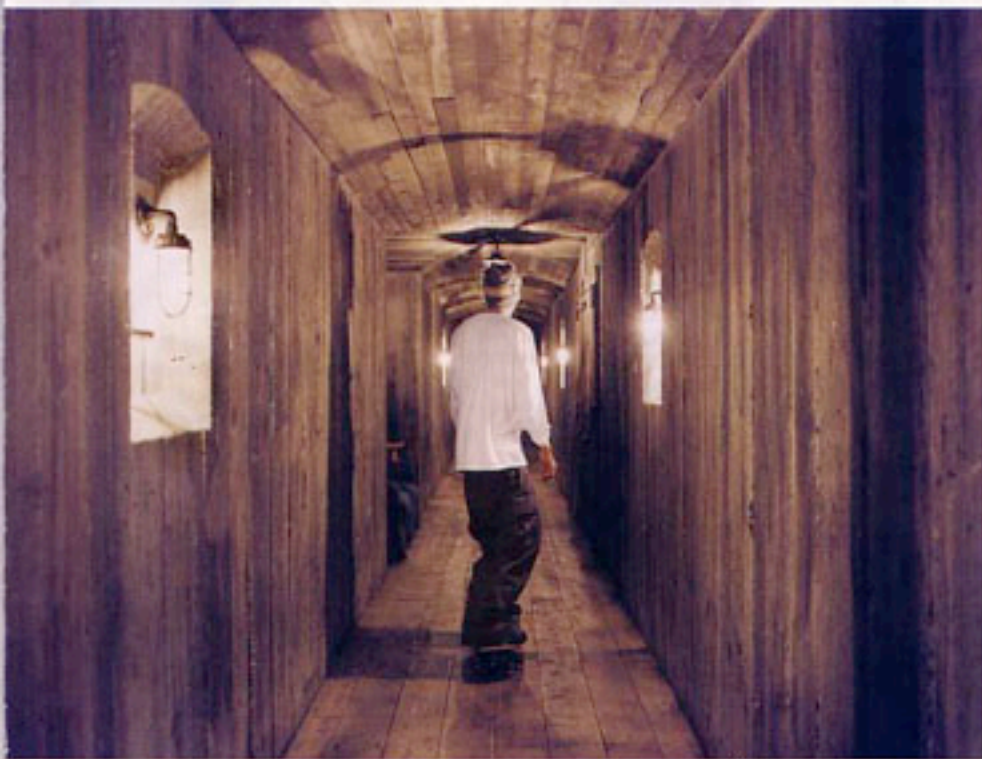
At the top, we rehashed the basics and Jake plunged his board into the snow, the better to jog behind me as I attempted my first turn. Somehow, despite the nerves and blowing snow, I made it, repeating over and over in my head the lessons I'd learned while standing on a cafeteria tray. I made another turn, this one uglier but still successful. Gaining speed, I pointed down the hill and made another, then one more and then Jake was far enough behind me that he stopped giving chase. "I'll meet you at the lift!" he yelled, and then I promptly caught my front edge and nose-dived into the snow.

An uncomfortable solo lift ride later, I found him up top, leaning on his board, a huge grin on his face. "Six or seven turns on your first run," he said, slapping me an awkward, gloved high-five. "Am I a great teacher or what?"

IT'S A GOOD time to be Jake Burton Carpenter. (Carpenter is his last name, also the last one anyone uses. He tends just to go by Jake.) He is 51 years old and the sole owner of a 550-employee company that by all estimates controls 40 to 50 percent of a \$400 million market that is still young. He lives five minutes from a resort, rides more than 100 days a year, and is wealthy by any definition of the word. He is having the time of his life. In late 2004,

Burton handed off most operational responsibilities to the company president, 38-year-old Frenchman Laurent Potdevin. Shortly thereafter, Jake and his wife, Donna, pulled their boys out of school, hired some tutors, and took the whole bunch on a round-the-world tour during which they surfed and snowboarded on five continents over 10 months. When they got back, Burton made Potdevin CEO, holding on to the titles owner and chairman.

You shouldn't take this to mean that Jake Burton is stepping away from the company he founded, the one that is very much responsible for taking a fringe pursuit and making it one of the fastest-growing sports on earth. Burton works every day. Sure, his yearlong world tour was vacation but it was also market research. Much as he took a six-month leave in the '80s to pick up German, then moved to Austria with Donna for a year to learn the nuances



The home subterranean tunnel

finished he'd have me "linking turns" and then he started my snowboarding lesson smack in the middle of the cafeteria, amid the moms reading romance novels and a chattering mass of British students who were almost all wearing some form of Burton clothing.

"I was teaching Katie Couric at the Olympics, on TV," Burton said as he adjusted my posture into the correct one—knees slightly bent over an imaginary board, torso forward, weight on my front foot. "That's pressure. I only had 45 minutes. If I'd had another hour I'd have had her ripping."

A trio of doughy English lads loitered on our periphery and then approached, sheepishly, each one brandishing a copy of Burton Snowboards' thick catalog. It was an odd scene: Teenagers—from a country with little snow and no ski resorts—borrowing a pen to get an autograph from a fiftysomething businessman, but such is the cult status of Jake Burton, a man who didn't invent snowboarding but very much popularized it.

"You guys boarding?" Jake asked, as he scrawled a signature across the glossy front of each kid's catalog. They nodded. "Good."

Outside, there was a quick lesson on fastening bindings and

of the European market before entering it with his company, he spent parts of his round-the-world trip immersing himself in the far-flung corners of snowboarding culture. He spent a month in the Andes, a month in New Zealand, a month each in his two biggest foreign outposts, Austria and Japan.

The year 2004, according to the National Sporting Goods Association, was the first year in which more snowboarders took to the slopes than skiers. Burton, not surprisingly, had its best year yet. Every year is its best year, with the exception of 2001, when certain catastrophic events occurred at the onset of the season, during the 90-day retail window when most snowboarding goods are purchased.

That \$400 million estimate on the size of the snowboarding business covers only equipment and clothing—it's good money for 90 days. (It is impossible to separate snowboarding from skiing when it comes to things such as lift tickets and lodging, but the snow-sports busi-

Downhill all the way

1968

Fourteen-year-old Jake Burton Carpenter falls in love with Sherman Poppen's Snurfer, the precursor to the modern snowboard. He breaks a finger riding one.

1976

As a senior at New York University, Burton becomes an assistant to Victor Niederhoffer, a hedge fund manager who sells privately owned companies to big corporations. He hates it but is inspired to start a business. Niederhoffer gives Burton money to help.

1977

Burton builds his first boards. None sell.

Burton sells his 700th snowboard. He's \$100,000 in the hole, but on the plus side he wins the World Snurfing Championship.

1979

Jake meets his future wife while making a snowboard.

Burton has its first million-dollar year.

1984

A million Americans now snowboard.

1988

ness overall is estimated at about \$9 billion.) Almost from the day he set up shop in southern Vermont, handshaping his boards and servicing retailers from the back of his station wagon, Jake Burton has ruled snowboarding. Today, more than 5,000 specialty shops worldwide carry Burton products, more than 2,000 in the U.S. alone.

The 50 percent of the market Burton doesn't control is divided among dozens of brands, most of which specialize in one specific area: boards or bindings or apparel. The skiing company K2, with its portfolio of brands including Ride Snowboards, would probably rank second, says David Ingemie, president of SnowSports Industries America, skiing and snowboarding's trade group. "But Burton has never really had a challenger who came close. Not in the total package." Of Burton's early rivals, only Tom Sims of Sims Snowboards remains in business.

The keys to Burton's success are no mystery. "First of all it's American," Ingemie says. (America being the birthplace of the sport and the keeper of its flame.) "Second, it's privately owned, which enables it to stay dedicated and make decisions not necessarily reflected in the next quarter. That makes a big difference. Snowboarding is a one-turn business that is unlike any other.

You produce a product this year and if it's wrong, you're dead. You have to wait until next year. Burton just gets it right."

Much of that precision comes from Jake, who is obsessed with the product. He personally tests nearly everything the company makes, and what he doesn't know—a little more all the time, he acknowledges—he entrusts to people who do. Burton leans heavily on the members of Burton Global, a collection of professional snowboarders who consult on everything from style to fit to materials. (Three Burton Global riders were on the 2006 U.S. Olympic team, along with two more Burton-sponsored riders.) They are friends



and advisers, business partners and buddies. At Burton, it's all the same thing. The company has the money and expertise to dominate research and development and the on-mountain credibility to influence style and trends. "In a lot of cases they see the trend before it happens," says Ingemie. "It was the toecap binding, now it's plaid clothing. They nailed the helmet when they started R.E.D. helmets. No snowboarder was wearing a helmet before that."

Last fall, Burton introduced Mark XIII, a line of high-end snow apparel sold at peacocky department stores like Saks Fifth Avenue. The line's signature is a series of jackets developed in collaboration with natty British clothier Paul Smith. The most expensive of them is \$900. Not long after, Burton Snowboards did something even riskier. It strolled off the mountain for the first time under the Burton name and rolled out its initial season of year-round streetwear, called Burton Life, using a flashy new retail store in New York City's SoHo neighborhood as a sort of style lab. The store has white walls and a cold room for testing jackets; it also sells special bags for stashing your weed. The store appears to be, in snowboarder's parlance, absolutely killing it.

"We make every single product that you need to go snowboarding," says Potdevin when I reach him by phone in Vail, where he has just come out of the backcountry, boarding, as usual, with his boss. "And we're grabbing market share in all categories." Potdevin can imagine similar stores worldwide. Next up is Tokyo.

Jake himself is at a good place now—things just happen. He needn't concern himself with cost or contracts or dealing with

the agents of his riders. Instead, he rides his board, critiques the product, and pats backs, acting as a sort of creative guru whose *joie de vivre* filters down to the company's lowest levels. While Potdevin makes the trains run on time, Jake's strolling between cars, reupholstering the seats in leopard print and adding tofu and champagne to the dining car.

"My role allows him to do what he loves to do," says Potdevin. "He is focused on product and marketing and making sure we stay in touch with the market. The way we work allows him to do what he wants, when he wants. We have one shareholder who's very passionate about the sport."

BURTON SNOWBOARDS IS Jake Burton, from the quirky insouciance of its marketing to the casual cool of its Burlington, Vermont, headquarters. You know the building by the rusty section of chairlift dangling over its front lot, just as you know it from the skateboard ramp out back. You also know it by the dogs. I was wrapping up a phone call just outside the entrance when the front door swung open to reveal a black lab that strolled out to the yard, lifted its leg, and yellowed a patch of snow. I can't say

Snurfer, the first commercial snowboard, made by Brunswick. Jake has always said the Snurfer was his inspiration.

Behind the reception desk is a retail shop, open to the public six days a week. Past that, one hall leads toward the Syndicate, Burton's in-house design department, responsible for websites, printed collateral, and the catalog, a fat, glossy, perfect-bound beauty that is sometimes referred to as "the Bible." (It is expensive to produce and not actually intended for autograph seekers.) The other hall turns left and passes a room that houses customer service—step one for young employees, all of whom are experienced riders who know the products. "These are hardcore riders," says Matt Johnson, a marketing assistant who joined the company out of college and wears what seems to be the de facto company uniform: jeans, a hoodie, and a beanie. "So if a kid calls up he gets a real rider who knows his shit." Across the hall is marketing, which connects to "The Goods," an airy room with clusters of cubes that house various staffers of the sub-brands such as R.E.D. and Anon. Beyond that, through a set of glass doors, is the top-secret R&D lab, where future products are being built and tested. (Matt won't let me in there, even though, like all visitors to the HQ, I have signed a nondisclosure agreement.) And then, at the end, the adjoining offices of Laurent Potdevin and Jake Burton.

The first thing you notice about Jake's office is that it's sort of a mess—there are piles of boots, stacks of boards, racks of jackets, and an entire wall of Gravis shoes, a Burton brand. "The thing people ask," says Jake's assistant, Harriet Davis, "is where's the desk?" That's because there is no desk. Instead Burton has three couches and two chairs that surround a huge coffee table covered in caps and beanies, including one with built-in headphones. (Merging electronics and outerwear is yet another huge initiative at Burton; called Audex, it is a partnership with Motorola.)

"Eighty," as this building is known, is one of two main outposts of Burton in Burlington. The



for sure that this dog opened the door itself, but I most certainly didn't see a person on the other side. Inside the building are more dogs, as well as humans in hooded sweatshirts who I can only assume are their owners, also known as employees of Burton Snowboards. (There is, however, no sense of pairing off, of dogs following particular humans; the people do their thing and so do the dogs, and presumably they meet up at the end of the day so that the latter can catch a ride home to the flannel L.L.Bean bed.)

The company has been here, in this small industrial park, since 1992, when the operation moved up from Manchester, a few hours south. There was a time when all Burton boards were made here, in this one-story building with the stone fireplace in the lobby. On the walls around the reception desk hang the boards of Burton, one for each year, starting with the 1977 fiberglass prototype handshaped by Jake in a Londonderry barn. That board has a pointy nose and a fin, was used free-standing—no bindings—and was steered with a rope attached via a hole in the front. In other words, it was a pretty direct rip-off of the

other is BMC, the Burton Manufacturing Center, a long, low-slung building that looks like it used to be a giant Foodland. This is Burton's last U.S.-based factory, but likely its most important one anywhere. For one, it's where the highest of high-end stock is made, including pro models for sponsored riders, the top-of-the-line \$900 Vapor boards, and the new line of custom boards known as Series 13, which kids can design on a separate Series 13 website. More important, it ties the giant company back to the place that gave rise to it nearly 30 years



ago. Without this factory, Burton could no longer say its boards are still made in Vermont.

Burton is unusual in that it's based in the East. Most snowboarding companies, strangely, are scattered around southern California, hours from snow. Burton is just a half-hour from Stowe. Every employee gets a season pass. If it snows two feet—admittedly a rarity anymore—everyone gets the day off to board. Like the corporate love of canines, this fact is often pointed to by marketers and public relations persons, so often that if you were a skeptical person, you would start to think that maybe this was primarily a clever recruiting tool cum viral marketing strategy, like the old climbing-wall-in-the-dot-com-cafeteria legend. In the Burton press kit's fact sheet, just below "Head Count" and a blurb on Burton's hugely successful "Learn to Ride" program, there is a small section titled "Powder Days and Dogs." And I quote: "The dogs are some of Burton's most valued employees."

It's charming and also very clever—yet it's hard to be skeptical when you've observed the employees at work. Obviously, people have bad days, and paperwork will always be paperwork, but you just get the sense that most of the people working there are having as much fun as Jake.

"The thing you really have to give to Jake," says Jon Foster, co-founder and creative director of *The Snowboard Journal*, "is that as all the other companies went from being five guys in a garage to selling out to the likes of K2, Jake still has control of his company, and it's still just snowboarding. Burton is big, but it's real."

JAKE'S PLACE IS EVEN closer to the mountain, down a long dirt road that cuts through a forest of birch and pine. The main house sits in a clearing; it is a gray post-and-beam farmhouse renovated and expanded but still very much looking like it should have apple pies cooling on the sill. Next to the house is an old red barn, trucked in from New Hampshire and rebuilt in the yard. On the ground floor, the barn houses a four-car garage; upstairs, it's a huge, loft-style apartment with an open kitchen and three guest rooms, one with eight bunks. Winters are frigid in northern Vermont, so Jake connected the two buildings with an underground passage lit by lanterns. It's a good 50 yards or so, and skateboards sit at each end for rapid transit back and forth.

In the kitchen, a woman packs lunches. Jake grabs a can of Starbucks espresso from a glass-fronted fridge full of seltzers and sodas and digs into a sandwich from Donna's gourmet food store in Stowe. (For years, Donna worked for the company, serving for a period as chief financial officer and at one point running its European operations from Austria. She's been semiretired since their youngest son, Timmy, was born, but is one of Jake's primary advisers and still plays an active role, especially in the fast-growing women's business.)

Jake's office setup is just like the one at Eighty. In place of a desk, plaid country-style couches face a wood table. There are more snowboards, more jackets, more shirts, more hats—if the Burton family ever ran out of cash they could put all the free gear on sale and outfit most of New England.

Jake excuses himself to change out of his snow pants and returns in a disarmingly casual getup: some black tights over which he's put shorts; up top, he wears a green Burton T-shirt. He kicks back, puts his hands behind his head and rests his feet on a table, appearing every bit as relaxed as he is often said to be.

The Vapor, \$900 worth of snowboard technology



There is an aura about him, I'm realizing, but that aura is one of utter calm; there isn't the slightest hint of pretension or edge, which isn't typical of men who own their own jets.

We flip through the 250-page catalog, one of Jake's pet projects. Like the company's ads, it is lushly photographed, with page after page of action photography. In this year's catalog, the most hyped product is the Vapor, billed as the "lightest, strongest, most versatile board ever." It is said to be "the next chapter in snowboard construction" and is built on a proprietary technology known as Vaportech. A sample line from the catalog: "The fact is that no one has the resources and knowledge to do what we do." This sort of bold

language is characteristic of the company's literature, and when Jake talks, it is clearly

with the assumption that no one does snowboards and snowboard gear better. But because he's so laid-back, you often don't realize he's bragging.

"We're a profit-oriented company; we've been able to take a good chunk of it and put it into R&D," he says. "And we've competed against the bigger guys—the Rossignols and Solomons and K2s of the world—by being focused purely on snowboarding." What he means is that those companies were built on skiing, and thus have conflicting priorities. "Our focus and commitment to the sport has been a huge edge against those guys," he continues. "Then you've got these core little snowboard companies, and we compete against them by just having resources to have technology and kick-ass R&D. They even joke about it. They say, 'Yeah, we have an R&D section: It's called Burton.'"

He's fought off the little guys by being big and rich, and fought off the big guys by being small and focused.

Burton says he owes it to his company to keep growing, that



New territory—a flashy New York store

ton says. "What happens when you don't do it in this seasonal business is you end up stuck with inventory. What we sell pre-season, that's what we make. We make a little bit more for reorder, more as just a service to our dealers, but not much. It's like 5 percent. And then we roll out the new stuff.

The hot products are going to go really early. But we're going to have more hot products the next year, and we're not going to have the risk associated with overproducing."

Somewhere there's a snowboarder saying that *real* rebels don't wield that kind of business savvy. But it's honestly hard to be cynical about Jake's love of this sport and its unruly image. Looking at the big picture, snowboarding is a massive, lucrative, mainstream sport—it is, remember, now skiing's equal—and yet, somehow, the counterculture mystique lingers. Jake Burton personifies that exactly.

Maybe the thing that makes Jake Burton such a successful leader is that people don't simply want to work for the biggest snowboarding company on earth, they want to work for Jake. And he wants to work with them. Not only because he likes his employees, but because they are the best available. He might attract them with an open-door dog policy and a lift ticket, but he keeps them by making them feel like they're near the beating heart of the sport. And because Burton means opportunity.

"You want to succeed," he says. "In this economy, you do need to grow. I have a hard time with those companies that say, 'Well,

why do you have to grow?' That's how you keep good people. People are happier in companies that are growing. It took a long time for me to accept that and to realize that: They're happier and they're motivated, and it's a place where they want to be. So we've just got to accept it, you know what? That's how it is, man. I've accepted that. I don't necessarily have it all dialed in philosophically, but I do understand that."

Burton says that he hasn't really considered what would happen if he were to crash into a tree tomorrow. As many helmets as his company sells, he still doesn't wear one himself. In the short term, his wife would take over. Beyond that, he wants his kids to be set up, but he also doesn't want to put the crushing pressure of this company on their shoulders. He can't imagine selling.

"I just don't really have this appetite for a bunch of cash," he says. "I really love my job and the whole lifestyle, my friends. I mean, I'd become a slug pretty quickly. I'd probably turn into a lush if I were to retire."

Could happen. You certainly can't snowboard 10 hours a day, every day.

"And I really love the job part of it. I mean, I think what's going to be tough is when I feel like I'm at the point where I'm not..." The thought trails off. "I think I'm the best in the world at owning this company. I feel very confident. I don't think anybody could do a better job than I do in that role. You know, when I start to question that, that's when I'll think about giving it up." ●

Josh Dean wrote about American Apparel and its founder, Dov Charney, for the September 2005 issue.

Snowboarding is a massive, lucrative, mainstream sport, and yet the counterculture mystique lingers. Jake Burton personifies that exactly.

if you're not trying to get bigger then you're almost certainly going to get smaller. He brushes aside the notion that selling \$500 Paul Smith jackets could be read as a sign of arrogance, of a breaking of faith with the kids who actually live snowboarding culture. He had little to do with that venture, but he's fond of it. "I'm definitely in on the strategic side of things," he says. "And I get pretty detail-oriented where I choose."

"What is your title now, anyway?"

"Well, I guess it's, you know, founder, chairman, owner. I think it's the most important thing that I do in the overall scheme of things. You know, versus public ownership, which would be a nightmare, or, you know, being owned by a big corporation."

For a big company, Burton can have a surprisingly small feel. Part of this is the way the company moves merchandise. I had tried to buy a pair of snowboard pants at the store at Eighty. They were brown with light-blue pinstripes, part of the rather avant-garde line inspired (and in part designed) by Shaun White, the 19-year-old who is by far the most famous snowboarder on earth circa now. The store had only one pair, a medium, and I needed a large. There were no other pairs in stock. A clerk called the New York store; New York was also sold out. Later, I asked the public relations person if she could find me a pair. No luck. There wasn't one large in all of America. That's because Burton doesn't make huge numbers of any one product; the line is vast and each item is produced in limited quantities, so that even if every kid on the hill is wearing Burton, there's a decent chance you won't see the same jacket on two of them.

"Scarcity's a principal objective for us strategically," Bur-