

FOREWORD BY WARREN BUFFETT

# RUNNING ----- WITH -----> PURPOSE

How Brooks Outpaced Goliath  
Competitors to Lead the Pack



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CEO ➔ **BROOKS**

A PDF COMPANION TO THE AUDIOBOOK

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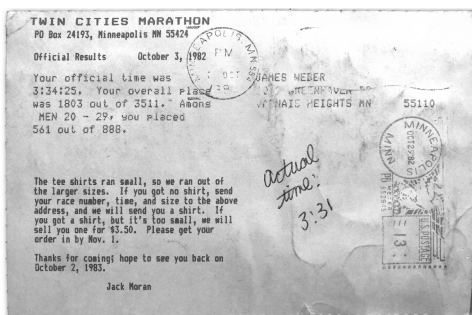
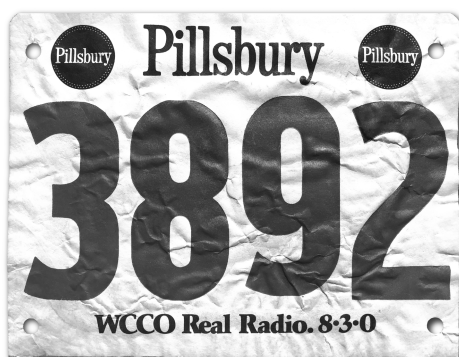
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## CHAPTER 1

# Stumbling Out of the Blocks



I pinned on a race bib to join 4,000 runners in the inaugural 1982 Twin Cities Marathon. As this was in pre-chip timing days, my postcard's printed results reflect a three-minute finish time inflation as it took me that long after the gun went off to reach the start. I of course had to preserve for posterity my true race run time of 3 hours and 31 minutes.

*Courtesy of Jim Weber*

## CHAPTER 2

# Picking Up the Pace

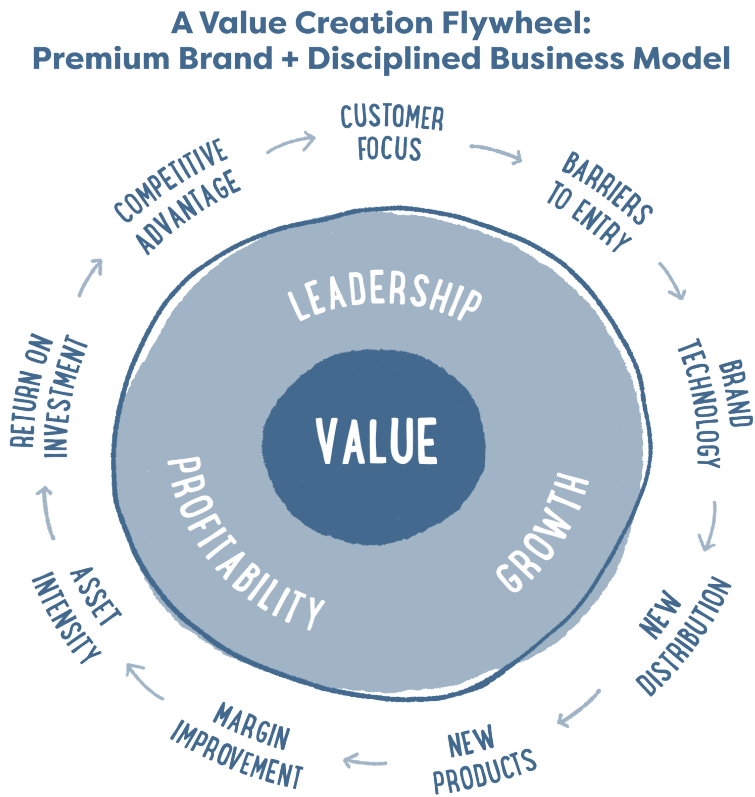


Figure 1



## CHAPTER 3

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# Pivot #1: Running Only



Breaking the tape in 2:09:00, Brooks athlete Greg Meyer wins the 1983 Boston Marathon, an American title he held until 2014. The year before his Boston victory, Meyer placed first in the Chicago Marathon. It would take another 35 years for an American to win that race.

*Courtesy of PCN Photography/Alamy Stock Photo*

**Sales and Distribution Foundation**



Figure 2

CHAPTER 4

Becoming an Authentic Leader

BROOKS STRATEGY ON A PAGE

PURPOSE – To inspire everyone to run and be active			
COMPETITIVE STRATEGY	STRATEGIC GOALS		
	Performance Running Leadership	Focused Quality Growth	Industry-Leading Profitability
PRODUCT LEADERSHIP	It all starts with: <ul style="list-style-type: none"><li>• Signature product</li><li>• Technical edge</li></ul>	Best-in-class products in each segment	Unique, distinctive, proprietary products <ul style="list-style-type: none"><li>• High margin</li><li>• Not promotional</li></ul>
BEST-IN-CLASS CUSTOMER SERVICE	<ul style="list-style-type: none"><li>• Specialty channel leadership</li><li>• Better servicing Greater Sporting Goods, Outdoor</li></ul>	<ul style="list-style-type: none"><li>• Longer product cycles</li><li>• Tighter line, in-stock</li><li>• On-time, 100% fill rate, 24-hour turnaround</li></ul>	Planning and systems support <ul style="list-style-type: none"><li>• Great service levels</li><li>• Minimal closeouts</li><li>• Minimal chargebacks</li><li>• Strong inventory and receivable turns</li></ul>
MARKETING ENERGY	Reach key influencers <ul style="list-style-type: none"><li>• Create trial</li><li>• Specialty running retailers</li><li>• Sports medicine outreach, athletes, coaches, events, trainers</li></ul>	Create vitality, shouting loudly... <ul style="list-style-type: none"><li>• PR, running mags, field marketing</li><li>• Communicate brand ethos</li><li>• Runner relevance focus</li></ul>	<ul style="list-style-type: none"><li>• Great people</li><li>• Premium brand</li><li>• Premium products</li><li>• Premium distribution</li></ul>

Figure 3

## CHAPTER 5

# Defining Moments: The Great Recession and an Earthquake in Running

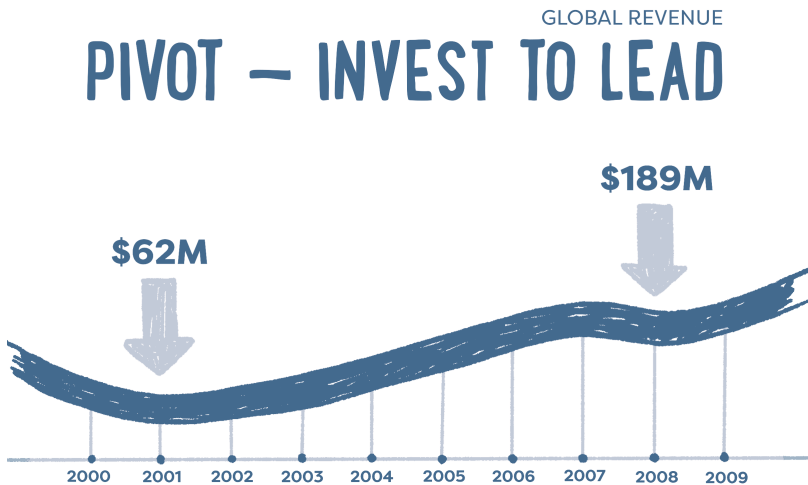


Figure 4



Dr. Iain Hunter of the BYU Biomechanics Lab captured the foot strikes of Men's 10K competitors in the 2012 US Olympic Team Trials. Like a signature or fingerprint, each runner leaves his or her own personal mark of individuality on the track. These findings informed Brooks's Run Signature philosophy that the only "right" way to run is the way your body naturally wants to move. *Courtesy of Iain Hunter*

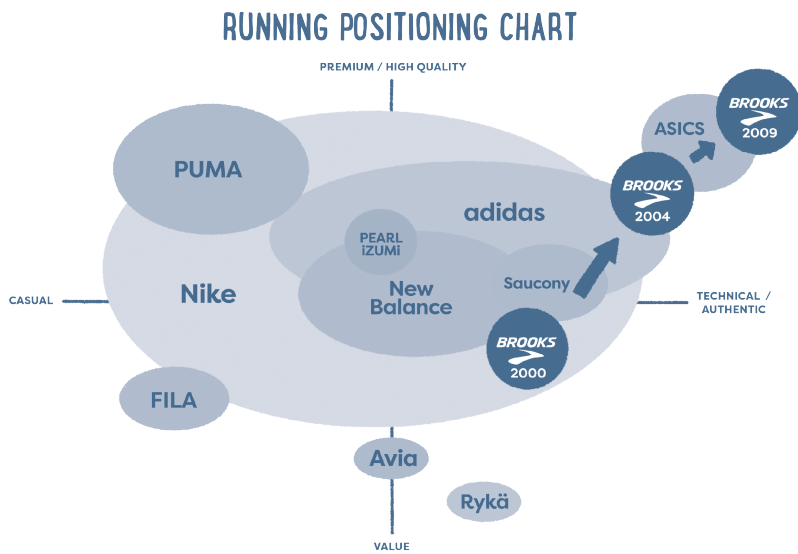


Figure 5

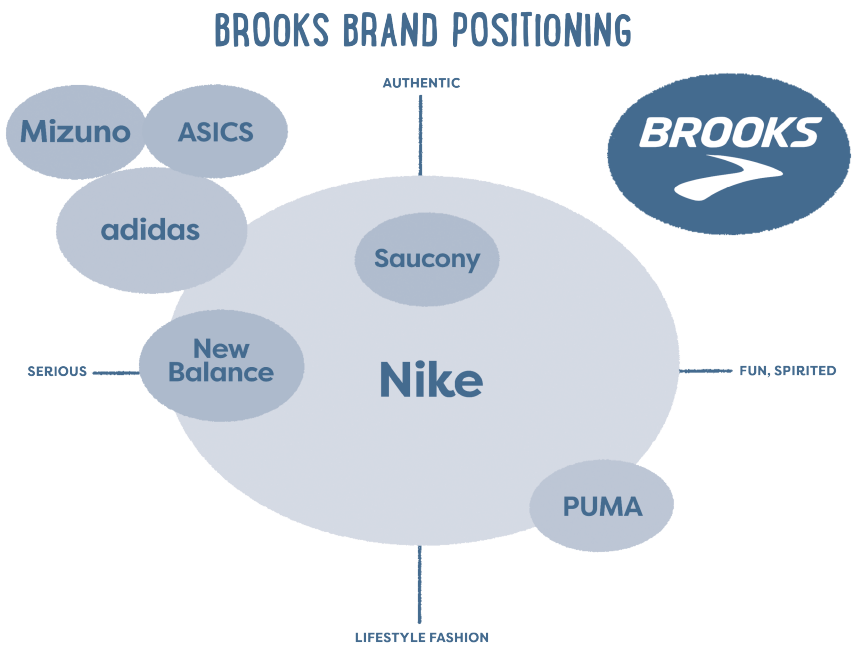


Figure 6





Brooks charts a prop plane to fly a "Run Happy" banner over competitors and fans during the 2012 US Olympic Team Trials for Track and Field at the University of Oregon's Hayward Field. *Courtesy of Jess Lyons*

# 2008 – INVEST TO LEAD OUTCOME

GLOBAL REVENUE

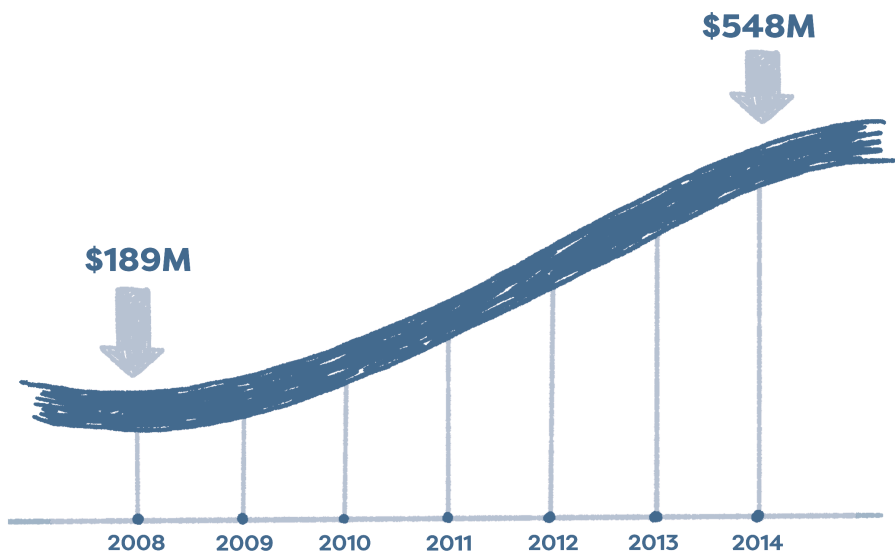


Figure 7

## CHAPTER 6

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# Meeting the Oracle of Omaha

## WHAT MAKES BROOKS UNIQUE



Figure 8

## BROOKS AND BERKSHIRE OVERLAP

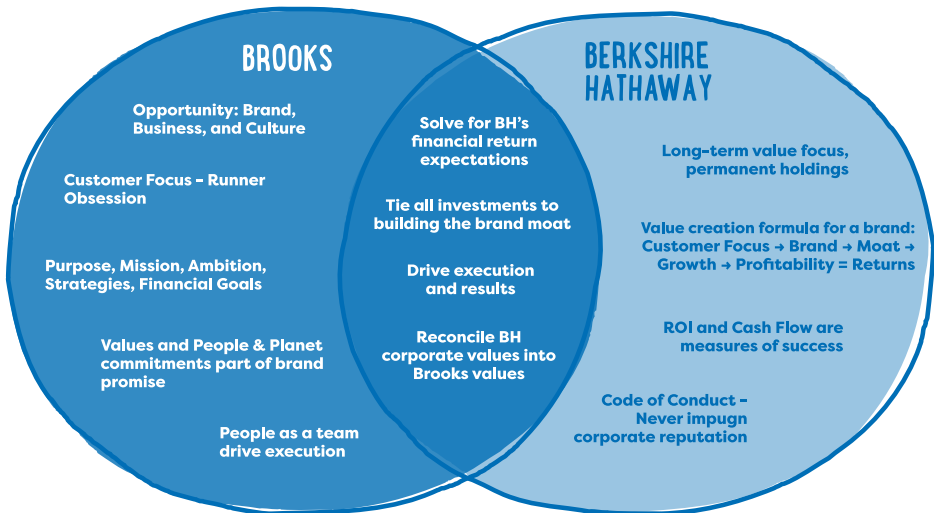


Figure 9

## CHAPTER 7

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# Pivot #2: Performance Is Timeless (We Zig When They Zag)



**ZIG** WHEN THEY **ZAG**

Figure 10

# Brooks Signature Cocktail



Figure 11



# BROOKS BRAND VALUES



## **RUNNER FIRST.**

At the center of everything we do is the runner — our obsession, our inspiration, our path forward. When in doubt, solve for the runner.

- Lead with runners by acting on insights with the courage and conviction to push past the expected.
- Stay curious and get to know the runner.
- Balance facts and sound judgment to take smart, informed risks.
- Challenge assumptions and test new ideas and opportunities that have impact and potential.
- Be brave enough to fail. Learn from it, and move on.



## **WORD IS BOND.**

Authentic brands are built on trust. Do what you say you will.

- Embody the kind of integrity that turns acquaintances into advocates.
- Our brand and products are implicit promises to customers — keep your promises.
- Treat every human being with dignity and respect.
- Communicate with clarity and transparency, keep it real, keep it simple, be accountable.
- Share information with teammates openly and proactively.
- Emphasize inclusivity and equality in pursuit of a more just world.



## **CHAMPION HEART.**

We are in this game to win. Take nothing for granted. Give it your all.

- Customers have choices. Make it easy to choose Brooks.
- Protect our moat. The competition wants what we have.
- Come to the line believing we can win.
- Pursue a level of excellence that gives you deep pride.
- Set aggressive goals and high standards that surprise and delight the customer and deliver results for the brand and business.
- Practice and progress to avoid the “I’ve arrived” mentality that leads to innovation atrophy.



## **THERE’S NO “I” IN RUN.**

None of us can do alone what all of us can do together. Be generous with your humanity.

- Seek to make contributions instead of taking credit.
- Support and engage in processes that drive action and align all team members for growth and success.
- Make connections with all who run, our customers, partners, communities, and each other.
- Develop a strong sense of self and situational awareness and then lean into that knowledge to engage with people.
- Listen openly, communicate clearly, give and receive feedback, and manage with mind and heart.
- Seek diverse perspectives, viewpoints, styles, and identities; actively listen to opposing points of view.
- Accept that sometimes you will need to support decisions with which you disagree.
- Give something unexpected that adds value to your teammates, our partners, and the community.



## **KEEP MOVING.**

Run. Or find a way to move every day. Joy is kinetic.

- Stay active. Momentum is a powerful force, both for your health and your career.
- We want you here — take care of yourself so you can bring your best self every day.
- Exercise optimism in a way that improves the day for those around you.
- Broaden your world by learning about others' experiences.
- When you're stuck, ask for help.
- Celebrate successes and plan the next ones.
- Life's short — enjoy the journey.

Figure 12

## CHAPTER 8

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# Finding Another Gear While Navigating Global Disruptions

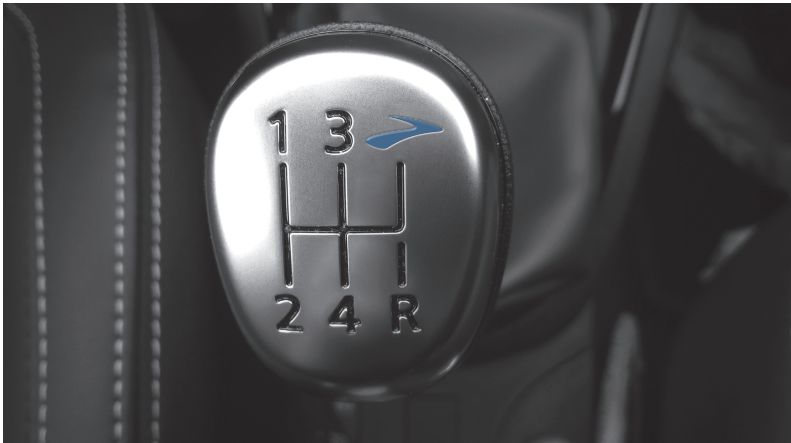


Figure 13

# CUSTOMER FOCUS

<b>Strategic Criticality:</b> Win (W) Compete (C) Play (P) <b>Investment Priority:</b> Invest (I) Maintain (M) Right Size/Divest (RS/D)						
	2018		2019		2020	
	Strategic Criticality	Investment Priority	Strategic Criticality	Investment Priority	Strategic Criticality	Investment Priority
RUN FREQUENCY / IDENTITY						
Self-Defined Runner (SDR) 1+ / week	W	I	W	I	W	I
Non-SDR 1+ / week	W	I	W	I	W	I
Non-runners	P	RS/D	P	RS/D	P	RS/D
MINDSETS						
Pacer, Soul Runner, Goal Seeker	W	I	W	I	W	I
High Fit Active	P	I	C	I	W	I
Solution Customer / Walker	P	M	C	M	C	M
Trail	P	M	P	M	P	M
PRICE						
Footwear > \$100, Bras > \$30	W	I	W	I	W	I
Footwear \$75 - \$100	P	M	P	M	P	M
Apparel > \$30	P	M	P	M	P	M

Figure 14



Brooks athlete Des Linden wins the 2018 Boston Marathon, becoming the first American woman to do so since 1985. She broke the tape more than 4 minutes ahead of the second-place finisher, on a race day that tested runners with driving rain, freezing temperatures, and near-gale-force winds.  
*Courtesy of Justin Britton*

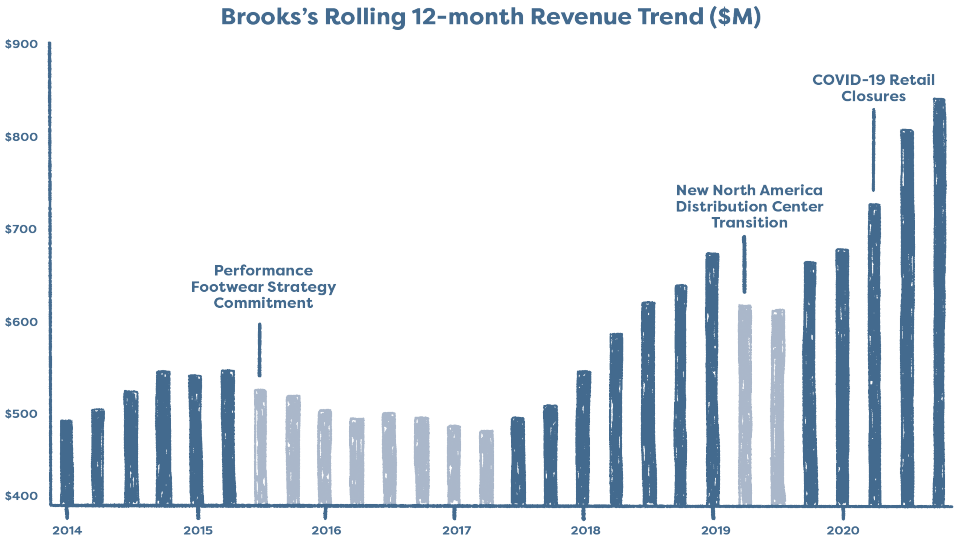


Figure 15

CHAPTER 10

# Filling the “White Space” with Trust

**The gaps in income between upper-income and middle- and lower-income households are rising, and the share held by middle-income households is falling**

*Median household income, in 2018 dollars, and share of U.S. aggregate household income, by income tier*

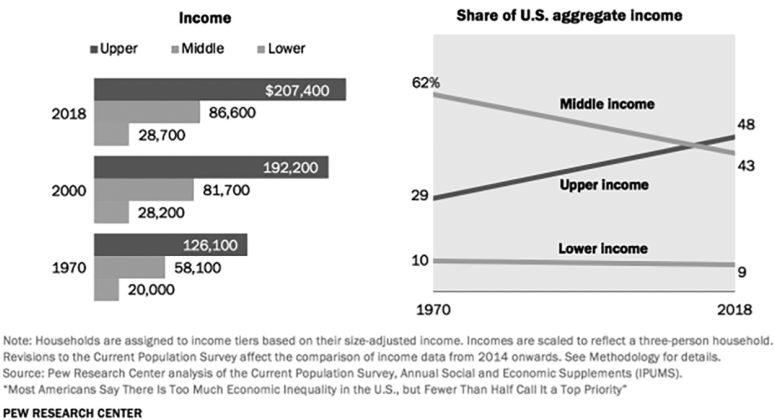


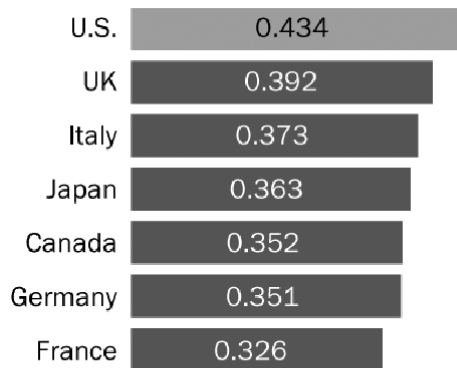
Figure 16



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## U.S. has highest level of income inequality among G7 countries

*Gini coefficient of gross income inequality, latest year available*



Source: Organization for Economic Cooperation and Development.

PEW RESEARCH CENTER

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Figure 17

CHAPTER 11

On Your Left! Running Fast in a New Decade



Figure 18