

enterprise » ICEBREAKER

in sheep's clothing

Its super-fine merino clothing has won fans across the globe, but Kiwi company Icebreaker also has a loyal following in the high-country farmers who supply it with wool.

STORY SUZANNE McFADDEN

THE MERINO SHEEP – all 27,000 of them – who live on Mt Nicholas Station, on the edge of Lake Wakatipu, lead a charmed life. They have 40,000 hectares of heart-achingly beautiful high-country land to roam and graze, across clear waters from Queenstown. In this idyllic environment, the sheep are free to grow some of the finest wool in the world.

Human visitors to Mt Nicholas Station arrive by boat, usually on the "Lady of the Lake", the vintage steamship *TSS Earnslaw*. Last Christmas, Robert Butson, the owner of the station, greeted an American woman as she stepped off the boat, and was taken aback when she said she'd seen him before.

"I thought she was bananas," says Butson. But the woman wasn't crazy – she had indeed seen photos of Butson, his wife Linda, and even their sheep before. Back home she had bought a shirt made by New Zealand company Icebreaker, and, using the unique nine-digit "Baacode" on the garment's inner seam and the Icebreaker website, had traced the origins of the merino wool from which it was made – right back to Mt Nicholas Station.

"I think this will happen a lot in tourism now, where people who come to New Zealand want to know just where their garment came from," says Butson, who has supplied wool to Icebreaker for 12 years.

This page: Icebreaker founder and CEO Jeremy Moon wanted to build a company that took its inspiration and materials directly from nature.



The Baacode, introduced in August last year, was a world first, allowing customers to cyber-meet the farmers from the 140 stations that supply Icebreaker, and see where their sheep live. They can then follow the wool's journey, to the Germans who spin it, the French who blend it and the manufacturers in Shanghai who make the garments before they're shipped around the globe, to be sold by 2000 retailers in 24 countries.

For Icebreaker founder and CEO Jeremy Moon, it's about transparency and traceability, assuring customers their piece of Icebreaker clothing was made with "deep integrity".

"People love New Zealand and they love new technology. The Baacode shows the people and families behind it all, not just the factories. We see Icebreaker as a cycle that starts in the mountains and ends with people wearing [our garments], maybe back in the mountains. This is a nice way of telling that story," says Moon. The tens of thousands of people – from Canada to Sweden, Australia to Germany – who have traced their garment's roots obviously agree.

Moon, 39 years old with a Master of Commerce degree in marketing, has never been short of an original idea. This is the guy who made wool cool, who convinced the world that the scratchy, smelly sheep's yarn of yore could in fact be soft, odour-free, breathable, durable and ultra-fashionable.

His was the first company in the world to develop a merino wool layering system for the outdoors; the first to source merino direct from the growers. In the process, Moon gave New Zealand's high-country farmers, constantly battling the elements and volatile markets, some hope and stability.

The story of his success is a celebrated tale. In 1994, his American backpacking girlfriend introduced him to a South Island sheep farmer who had made some thermal underwear from super-fine merino wool. Moon fell in love with the long johns, ditched the girlfriend, quit his job and set out to build a company that took its inspiration and raw materials directly from nature – outdoor clothing that wasn't made from synthetics.

After three months writing a business plan then convincing a collection of businessmen to put up \$200,000 seed capital, Moon launched Icebreaker in 1995 with a range of lightweight thermal underwear. Within three years, he had broken into the Australian market, before hitting Europe with his under-, mid-layer, and outerwear. Today, 85 percent of Icebreaker's clothing is exported, with Europe its biggest market, buying one in every three garments.

The one-man business has now grown to 200 staff around the world – half are in Wellington where the company began; another 50 work in the US city of Portland, where 20 are responsible for product development and design (seven of them New Zealanders). Icebreaker moved its design hub to Portland, the world's sports-apparel capital, three years ago, because of a skills shortage at home. The clothing is made in Shanghai, the technology hub for textiles.

Moon is proud Icebreaker has remained a private company: "It's a great privilege to run a company where you are responsible to your customers and staff, not the sharemarket." The company has kept the same three directors – Moon, Todd Corporation chairman Noel Todd and retired banking executive Peter Travers – throughout its 14 years.

"We meet every month for half a day. Symbolically, these guys put their own reputations on the line with what was then a bad idea because no one wanted wool. But we knew it wasn't about wool, it was about choice and difference. It feels nice being on a journey with people for a long time – we trust each other, respect each other, and I've learned the importance of long-term decision-making and views. We don't pay dividends; we invest everything back into the business with a long-term view."

Icebreaker made a \$100 million profit last year, and Moon says it will be "a lot more this year – in every single market we are still growing". Innovation, he believes, must remain a priority if Icebreaker can continue to succeed in a competitive apparel world. "We

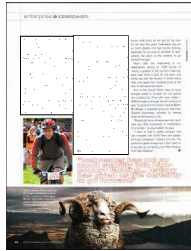


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“People love
New Zealand and
they love new
technology.”





define innovation as anything that's new and better," he says. "Right now, we're working on eight new areas no one has seen before."

This month heralds the release of the 2009 winter range, two-thirds of which is new. There are the stylish everyday underwear lines, Nature (for women) and Beast (for men), as well as Patrol Series for skiing, part of the GT line of high-performance mountain sportswear. The GT clothing makes a slight break with the Icebreaker philosophy – incorporating three percent lycra to give garments better shape and fit for athletes.

Moon wears GT when he is mountain biking or running. Last month he was a pedalling billboard in the Motutapu Icebreaker (a demanding 50km bike ride from Lake Wanaka to Arrowtown), wearing his company's latest cycling shirt and its merino cycling socks that "fit your foot like

a glove". The beauty of the layered merino in the cycle shirt is that it's lightweight and keeps the body at an even temperature as the fabric breathes.

In a "sniff test" in British newspaper *The*

in a sniff test in British newspaper *The Sunday Times*, the Icebreaker long-sleeved Bodyfit shirt came out streets ahead of other running wear, after the reviewer wore it non-stop for four days then had his pregnant wife smell it. It was the only shirt that didn't pong. The late Sir Peter Blake wore a Bodyfit prototype when sailing around the world for 43 days straight, and swore it never stank.

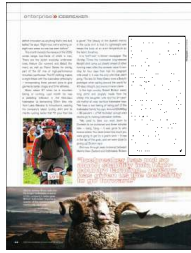
In the high country, Robert Butson wears long johns and singlets made from his sheep. His daughter, wife and his 91-year-old mother all wear identical Icebreaker tops. "We have a real feeling of being part of the Icebreaker family," he says. Around 90,000kg – 85 percent – of Mt Nicholas' annual wool stocks go to making Icebreaker clothes.

"We used to take our wool down to Dunedin to be auctioned and three minutes later – bang, bang – it was gone to who knows where. You never knew how much you were going to get for a year's work – it was in the lap of the gods, and we were close to giving up," Butson says.

But now, through deals brokered between Merino New Zealand and Icebreaker, Butson



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knows what price he will get for his wool for the next five years. "Icebreaker has put so much stability into high-country farming, especially for an area so dramatic to farm. Jeremy has given us the certainty to go forward," he says.

Moon calls the relationship a co-dependency, relying on 1000 tonnes of merino, a quarter of the country's total clip, each year. Once a year, he sits down and drinks tea with the farmers in South Island halls, who leave their muddied boots at the door to talk about the future.

And of the future? Moon plans to build stronger bases in Europe, but not spread

the company too thinly with more outlets – 2000, he says, is enough. He will continue to give 10 percent of his time to chairing Better By Design, a specialist group to help New Zealand businesses succeed, by sharing what he has learned so far.

"People call me an entrepreneur, but I don't have any other businesses or investments. I'm a builder – a value builder," he says.

"I want to build a global company that can compete with North Face and adidas, all those companies I respect and like. The product is good enough and I don't want us to be seen as just being a cool little company from New Zealand." €