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UNDER ARMOUR MAKES ITS APPAREL WITH 250,000 OVERSEAS WORKER

GROUNDS



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S. CAN IT BRING JOBS BACK HOME TO BALTIMORE? BY RACHEL MONROE

In March, Under Armour won a minor skirmish in the war for sportswear dominance when it became the first to sell a performance shoe with a 3D-printed midsole. The shoe, the UA Architech, sold out online in 19 minutes. Sure, there were only 96 pairs available, but, as Chief Executive Officer Kevin Plank says one recent afternoon, “Everyone was trying to do it. No one thought that we’d get there first.” Plank is sporting a pair of the \$300 Architechs as he tours the Lighthouse, the new home of Under Armour’s innovation division in an industrial tract off the Middle Branch of Baltimore’s Patapsco River. (It opened on 28 June.) Plank’s attitude seems to exist on a narrow spec-

trum between pumped and superpumped, but the shoes are particularly enthusiasm-inducing. “They’re like two clouds of awesomeness I’m walking on right now,” he says. “I stole that from my 9-year-old, actually. My kids have been watching a lot of *My Little Pony*, and it’s rubbing off on me.”

The shoes’ most notable feature is a lipstick-red midsole that resembles a whale-bone corset. It’s something you squint at and wonder: How exactly did they make that? The short answer involves polymers and a partnership with DuPont. The long answer includes Plank’s plans to reinvent his company’s supply chain, transform the city of Baltimore, and maybe even outmanoeuvre Nike in the process.

It’s difficult to talk about athletics companies without resorting to sports metaphors. In Under Armour’s case, they’re particularly hard to resist, in part because sportiness is so essential to its corporate culture. Employees call one another “teammates”; 70 per cent of them played high school sports. The current headquarters, in south Baltimore’s Locust Point neighbourhood, includes a 3,000-square-metre gym and a basketball court that used to be open 24/7, until all the dribbling during work hours proved too distracting. The walls are covered with photos of Stephen Curry and Misty Copeland so large that their beads of sweat are several centimetres wide. Plank, a high-energy 43-year-old with gently greying hair, is fond of inspirational analogies involving fires and races and winning. His teammates speak of him in the reverent tones usually reserved for coaches.

The phrase “aggressive, young, fearless” is plastered all over the walls. It’s a quote from golfer Jordan Spieth describing himself and the brand, but it could just as easily apply to Plank, who propelled himself from walk-on to special-teams captain of the University of Maryland football programme. During his senior year, in 1995, the mid-Atlantic was seized by a record-setting heat wave, and practicing in a sweat-soaked cotton T-shirt felt more oppressive than usual. The year after he graduated, Plank developed a moisture-wicking shirt made from synthetic fabric and began calling up former teammates. In Under Armour’s first year, when the company was still operating out of his grandmother’s basement in the Georgetown neighbourhood of Washington, Plank put more than 150,000 kilometres on his Ford Explorer driving up and down the East Coast and trying to parlay those friendships with former teammates into orders. “I graduated from college and realised, I know 60 people playing in the NFL who have careers that are going to be somewhere between three

and five years,” Plank says. “So the window is about this big. And I either take advantage of it now or lose it forever. I’m thinking, Is there a way for me to give them a gift that would also help me? And it’s that virtuous cycle that really got us going.” It worked better than he expected. A combination of innovative technology and Plank’s fervour for his own product contributed to Under Armour’s vertical rise, from \$17,000 in sales that first year, to \$400 million in 2006, to a projection of almost \$5 billion in 2016.

An underdog ethic is still baked into company lore, even though last year Under Armour overtook Adidas to become the second-biggest sportswear brand in the US. In May, the company signed the largest sponsorship deal in the history of college



sports, paying \$280 million for a 15-year contract with UCLA. Under Armour has invested more than \$700 million in fitness apps and activity-tracking technology, and it hired the designer Tim Coppens, a fashion-forward Belgian, to help snag a portion of the lucrative “athleisure” market.

These days, Under Armour looks like an underdog only when held up against Nike, a rival that Plank and other executives refuse to even name. “Five years ago, our largest competitor was 12 times our size,” Plank says. “Then it was 11 times, then 10 times. Today, they’re roughly six times our size. But the fact is, they’re still six times our size. So we have a lot of work to do.” He clearly relishes the idea of the world’s biggest sportswear company feeling Under Armour breathing down its neck. This spring’s NBA finals were the most recent proxy battle, between Nike’s LeBron James and Under Armour’s Curry, the MVP hero to underdogs everywhere. Curry defected from Nike to Under Armour in 2013. It happened after Nike officials mispronounced Stephen (as “Steh-fawn”—twice!) during a recycled PowerPoint presentation that accidentally included Kevin Durant’s name instead of his own, according to ESPN. James won the recent championship, but sales of Curry-branded shoes outpace those of every other current NBA player. Under Armour’s revenue in the category is up 350 per cent from last year—a potential “tipping point,” one Morgan Stanley analyst wrote, “signalling the end of Nike’s basketball dominance.”

PREVIOUS SPREAD: PHOTO ILLUSTRATION BY 731. PHOTOS: 731 (SNEAKERS); GETTY IMAGES (2). THIS SPREAD: PHOTOGRAPHS BY RYAN LOWRY FOR BLOOMBERG BUSINESSWEEK



Plank's appreciation for the overlooked and underestimated—he's the youngest of five brothers—is manifest in his affection for Baltimore. On the surface, there may not seem to be much linking the edgy, gritty city of John

Waters and *The Wire* with Under Armour's performance-bro aesthetic. But Plank sees an affinity between Baltimore's hardworking, blue-collar past and his company's relentless striving to be the best sportswear company out there. When pressed further, he just shrugs and quotes Drake: "All I care about is money and the city that I'm from." Maybe that's human nature—not the money part, but the desire to see the place where you live succeed."

Although Plank isn't technically from Baltimore proper—he grew up in a middle-class family in Kensington, Maryland, a commuter suburb of D.C.—he has adopted the city as his own. Under Armour moved there in 1998, and his personal investments have one criterion: They have to benefit the company, Baltimore, or preferably both. He's invested millions in supporting Maryland traditions such as horse racing and rye whiskey. In 2007 he purchased a 210-hectare horse farm once owned by the Vanderbilt family. "Blowing people's minds is one of my favourite things to do," he says. "I bought the farm—literally—because horse racing is an organic part of the culture of Baltimore and because I wanted to bring people here and show them a Baltimore that blows their mind. People like Tom Brady and Colin Powell come up for the weekend and are like, 'I had a different image of what Baltimore would be.' And it's only 27 kilometres north of the city."

By 2013, Under Armour was growing at such a fast clip that it was clear the company needed to expand its footprint in Baltimore. There was never really any question of leaving the city or of relocating to the suburbs, Plank says. Instead, he set his sights on a three-hectare parcel adjacent to the current head-

quarters. But after protracted wrangling with the city, Under Armour was turned down. When he got the news, Plank was in Dubai drinking with his chief of staff, who saw a silver lining.

Clockwise from left: Plank (centre) at the Lighthouse; the UA Architech; Under Armour apparel under wraps



"That land you were looking at?" the chief of staff said. "It felt...tight."

"I just looked up at the skyline of Dubai, and all I could think to myself was that 15 years ago, that skyline didn't exist," Plank says. "Until someone with a vision, Sheikh Mohammed, said, 'I'm going to take this old fishing town and turn it into the economic capital of the Middle East.' Out of desert and a fishing town. That's vision. And I'm looking out at it and thinking, Well, what could we do?"

By then, Plank owned a two-acre parcel in an industrial part of Baltimore, where he planned to build a whiskey distillery. The land was in a former brownfield site known as Port Covington. That the area was largely uninhabited was part of its appeal, he says. "We wouldn't be kicking out little old ladies with 30 cats." Over the next few years, he spent more than \$100 million of his own money buying up nearby real estate, ultimately acquiring 108 hectares under the umbrella of his real estate investment arm, Sagamore Development.

In April 2015, when Baltimoreans took to the streets to protest

"WHY IS THAT A BAD THING? I LOVE DISNEYLAND. THE PURPOSE OF DISNEYLAND IS TO MAKE PEOPLE SMILE"

police brutality after the death of Freddie Gray, Plank was troubled by national news coverage that made it seem as if the entire city was erupting in violence, when much of it was unscathed. He understood that as a fast-growing company, Under Armour would undoubtedly play a role in shaping the city's future. But he was also becoming increasingly aware that as an individual with a billion-dollar net worth, he too could have a significant impact. "We don't have a lot of people doing stuff here [in Baltimore]," Plank says. "I can use the heat and momentum [of Under Armour] and, frankly, my balance sheet to get things started and keep things moving. Someone's got to be the first stone in the stone soup. Then someone else will bring the carrots and the poultry. But we're that first stone."

In January, Sagamore announced its plans for Port Covington, which include a 370,000 square-metre headquarters for Under Armour and much, much more. Over the next 20 years, Sagamore intends to essentially build a neighbourhood from scratch. Comprising almost 50 city blocks, Port Covington will be larger than Baltimore's best-known tourist attraction, the Inner Harbor, and one of the biggest urban renewal projects under way in the US. If all goes according to plan, Port Covington will be home to 7,500 housing units, a ➔

hotel, shopping, two light-rail stops, and a stable for the city's police horses.

"There aren't many CEOs who would take their personal capital and deploy it like this," says Tom Geddes, CEO of Plank Industries, the privately held company that serves as Plank's personal investment arm. "The one example we look at a lot is Dan Gilbert," the chairman of Quicken Loans, who has spent more than \$1.5 billion buying up downtown property in Detroit since 2010. "He's someone else who looked at his big company and said, 'This thing is an engine. If I invest around it and pull together a critical mass, I can really make a significant difference.'"

In cities struggling with postindustrial disinvestment and high rates of unemployment and poverty, such investors are often treated as saviours. "I would like to also extend a sense of deep appreciation and true excitement on the part of the city for what we see presented here," Baltimore's city planning director, Tom Stosur, said after Sagamore revealed the Port Covington master plan.

Plank's ideas for Port Covington have also faced criticism that cuts against the saviour narrative, particularly after Sagamore announced this spring that the arrangement would seek \$1.1 billion in support from local, state, and federal governments, including \$535 million in tax increment financing, or TIF, from the city of Baltimore. The TIF money would go toward infrastructure improvements and come from municipal bonds issued by the city to be repaid by new property taxes eventually generated by the project. MuniCap, a Maryland consulting firm that analysed the project, estimates it won't create enough tax revenue to repay the TIF until 2038. More worrying, perhaps, is that the

A new Under Armour injection molding technique (below left); lasts used to form-fit footwear



"IT'S BASICALLY A HIGHLY OPTIMISED VERSION OF A MIDDLE AGES COBBLER'S BENCH CROSSED WITH A FORD MODEL T PRODUCTION LINE"

TIF request is so substantial, it would limit the city's ability to issue other bonds without hurting its credit rating. "Baltimore is a deeply segregated city and has been for the past century," says Lawrence Brown, a professor of community health and policy at Morgan State University. "A project like Port Covington, where there's no fair-housing mandate and no promise for living wages, is really a missed opportunity. It's reifying and intensifying the 'two Baltimores' problem we have now." In its sweeping vision and unprecedented costs, Port Covington is an example of the increasing influence corporations are having on city planning.

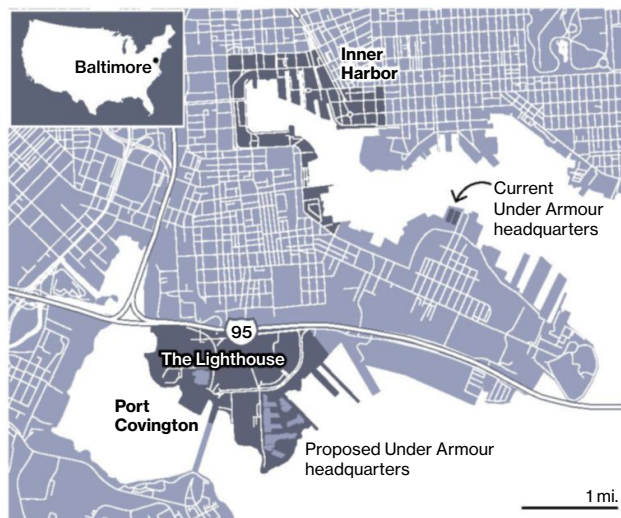
Others are concerned about earmarking so much money for a new development company with no experience working at this scale. During a recent meeting, members of the city's Urban Design and Architectural Review Board pointed out that preliminary designs for Port Covington looked something like a millennial daydream, one that included a whiskey distillery and makerspace, but no post office or fire station or library or



school. (A subsequent plan corrected those omissions.) Asked if he is worried about criticism that he's essentially building a synthetic, Disneyland version of Baltimore—all crab boils and racehorses—Plank says, "Why is that a bad thing? I love Disneyland. The purpose of Disneyland is to make people smile."

The Disney vibe is hard to ignore during the June tour of the Lighthouse, the first part of Under Armour's headquarters to open in Port Covington. The rest of the area is still largely undeveloped, but the Lighthouse offers an early idea of the scale of Plank's vision for both his company and this part of Baltimore. Plank is an avowed fan of the "wow" factor, which is presumably

In April, protesters demanded a halt in the approval process for \$535 million in city bonds to develop Port Covington until a new mayor and city council take office.



why entering the Lighthouse has been engineered to feel a little bit like stepping into a theme park exhibition. Visitors walk into a darkened chamber, where they watch a jump-cut-heavy video that spells out the ambitious idea behind the facility: Namely, as other industries have capitalised on technology, garment manufacturing is stuck in the past. When the video ends, black glass doors slide open to reveal a gleaming 12,000-square-metre facility full of humming machines and technicians wearing white lab coats emblazoned with the red Lighthouse logo. It's at once theatrical and inspiring.

This is Plank's first visit to the Lighthouse with most of the machinery operational, though some massive 3D printers won't be delivered until later in the week. Plank seems jazzed to see the place up and running. The Lighthouse is not just a new facility but also a proving ground for what Plank calls "local for local" production, Under Armour's goal of manufacturing its products in the same place it sells them. "Even in a very advanced footwear manufacturing facility, you still have 150 or 200 people touching every pair of shoes that moves down the line," says Kevin Haley, Under Armour's president for product and innovation. "It's basically a highly optimised version of a Middle Ages cobbler's bench crossed with a Ford Model T production line. It's crazy." In contrast, the Lighthouse will allow the company to test streamlined, nimble, tech-centred production lines that may require only a dozen workers. If they prove viable, they could be set up across the country close to points of sale.

"Vision" is another big word for Plank. When he speaks about Port Covington, the Lighthouse, Baltimore, local-for-local manufacturing, it's clear that he sees all his plans feeding into one another. Startups using equipment at the Foundry, a Plank-funded makerspace that's next to the Lighthouse, will come up with ideas that Lighthouse engineers will incorporate into Under Armour products. Other cutting-edge companies will relocate to Baltimore, wanting to tap all this new energy. Their employees will move to Port Covington and spend, providing the tax base the city so desperately needs. Local-for-local may even bring manufacturing back to the city.

Whether that all proves to be vision or mirage is yet to be seen. In any case, when Plank sits down with Haley and Randy Harward, senior vice president of advanced materials and manufacturing, for an update on the Lighthouse, with a reporter

watching, he seems eager to show that he is focused on details. "Five years from today, how long is our lead time on the supply chain?" Plank asks.

"You'll still have some things taking 12 to 14 months, but you'll have 30 to 50 per cent of your product made within three weeks," Harward says. "I hate to use the term Lego—but, well, think of Lego blocks. We're trying to think how [the manufacturing process] can be iterated in small blocks, rather than where the industry has been going with these massive, massive, massive machines. So, not using a huge \$5 million machine, but this \$9,000 printer that we have right out there."

Plank leans back in his chair. "But we need to get beyond novelty," he says. "People say they'll pay more for something made in the US, but they won't actually do it."

"They won't be buying it because it's a novelty," Harward says. "They'll be buying it because we have the right size and the right colour and the right design when they want it."

Under Armour is hardly the only company exploring how to use automation and technology to streamline supply chains and move production onshore. In 2015, Nike said its plans to increase domestic production could create as many as 10,000 engineering and manufacturing jobs over the next decade. Under Armour executives say they're better positioned to take advantage of a rapidly evolving industry. "Under Armour is at that perfect size where we've got enough scale to invest the millions of dollars it requires to take on something like this," Haley says. "But we're also small enough that we don't have a \$30 billion supply chain staring back at us, saying, How are you possibly going to turn this battleship around?"

For Plank, the revitalisation project extends beyond Under Armour. "We have 250,000 people making Under Armour something at any given moment," he says. "In the next three years, we'll add another 200,000-plus. And zero of them are pegged to come back to the US, because we're all chasing cheap labour all over Malaysia and the far corners of the earth. It's a crime. We couldn't find a way to get 1,000 jobs back here? Or 5,000 jobs? Or 10,000 jobs? When you look at what's happening in Ferguson, what's happening in Baltimore—it's jobs, we need jobs, and we're shedding all our jobs to other places. The ability for us to bring that back, that's the big idea."

It's a long way to even 1,000 jobs. By the end of the year, the Lighthouse will have just 100 full-time employees, half of them engaged in manufacturing. This fall, Under Armour plans to offer a version of its 3D-printed shoe to the wider retail market; it will be manufactured in a New Hampshire facility that employs only about a dozen people.

Meanwhile, Plank will continue his agitations, small and large, to support the entwined futures of Under Armour and the city of Baltimore. "It is really hard work, it's really dangerous investing, it's really costly, and it's a really big deal—but I think it's the right thing to do," he says. "What I really want to do in life is to build the baddest brand on the planet. I would love to do that at the same time as anchoring it in a city that could really use a hug. It seems like such a waste for us not to take advantage of the momentum that Under Armour has right now."

Recently, Plank was watching the morning news and noticed that the national stations showed the weather forecast for Washington and Philadelphia and New York, but not Baltimore. So he asked the Under Armour public-relations team to call up the networks to ask them to include Charm City, too. "It's about making sure Baltimore isn't forgotten about," he says. "Getting us front of mind, putting us in that conversation. Everything we do is about elevating that brand." ■