

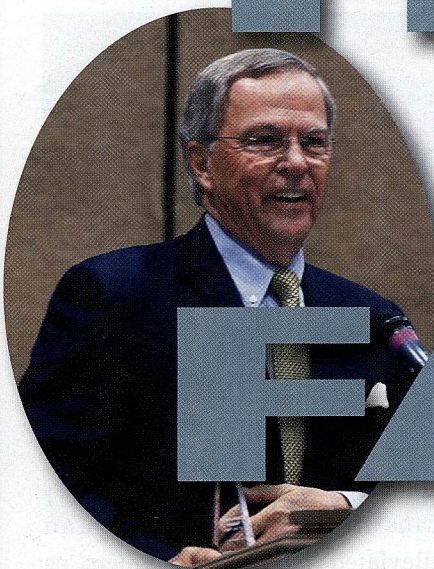
Specialty Retail



SRR's
Specialty
Retail

Hall of Fame

HALL OF FAME



More than 30 years ago, the first specialty retail carts debuted at Boston's Faneuil Hall Marketplace. Since then, the specialty retail industry has grown to embrace carts, kiosks, RMUs and inline stores. The \$12 billion industry is now a significant contributor to overall mall and property revenues.

The specialty retail industry is driven by energetic professionals—retailers who are constantly figuring out what drives consumer needs in the marketplace; and leasing managers who bring creative ideas and fresh initiatives into their spaces.

What is especially striking about these professionals is their ability to adapt to trying economic times. Downturns in the economy have brought out the best among both specialty retailers and leasing managers and their efforts have kept the industry vital and relevant.

To honor their contributions, *Specialty Retail Report* has instituted the Specialty Retail Hall of Fame. One retailer and specialty leasing manager will be inducted into the

Hall of Fame each year and nominations are invited from the industry.

This year's winners—who are profiled in this issue of *SRR*—are dedicated industry professionals who exemplify the talent in this field. Max James, the chief executive officer of American Kiosk Management, won the award for Outstanding Retailer while Dina Simcox at the Crosscreek Mall in Wilmington, NC, won for Outstanding Specialty Leasing Manager.

Patricia Norins, publisher of *Specialty Retail Report*, says the awards are a great way to recognize exceptional industry talent. "It's great to emphasize the many positives in the industry. These are professionals who are dedicated to success and who think out-of-the-box to drive new growth and sales," Norins said. She added that recognizing such professionals serves to inspire others in the field to reach for the stars and make their goals. "Specialty retail is a vital industry and showcasing the best talent we have out there is a great motivator for all," Norins added.



Success Powered by Products and People

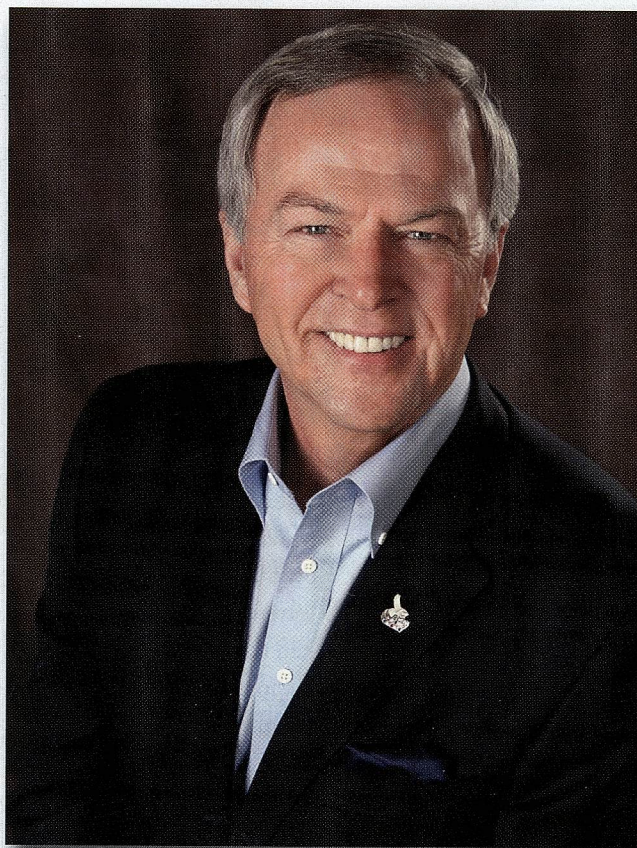
Max James is the first retailer inductee into the Specialty Retail Hall of Fame. The CEO of American Kiosk Management has enjoyed a long and illustrious career in the field.

Emily Lambert

As the nation's largest owner-operator retailing in 47 states and Canada, Max James is a leading example of what a successful retailer can accomplish. "If you give, it comes back ten times," he says describing his approach to business and the key to his success.

The CEO of American Kiosk Management entered specialty retail in 1997 with a line of nutritional supplements called Metabolife. At that time, Metabolife was marketed directly to consumers by independent distributors, through a distribution system referred to as network marketing. After a successful start, the decision was made to allow individual distributors to sell the products on carts. James "gave it a shot," and formed American Kiosk Management (AKM) to open his initial carts, as well as expand into other lines. AKM was incorporated in 1998. Before Metabolife decided to sell strictly in big box locations, James had built the business up to 84 carts.

In 2002, James hit upon something even bigger. Guthy-Renker, a direct response marketing company headquartered in Palm Desert, CA, allowed AKM to beta-test Proactiv, a line of skin care products. James grew the concept from one location to 40, and was then invited by Guthy-Renker to form a partnership. It was then that North American Kiosk Company was formed. AKM manages the company.



Today, AKM has approximately 380 manned RMU locations and an additional 470 robotic kiosks, through a contractual arrangement with Zoom Systems. AKM earned over 100 million in sales last year.

From the beginning, AKM has owned and operated all of their units. During the recent economic downturn, this became especially challenging. "While many other retailers were forced by the economy to go out of business, or implement significant downsizing, American Kiosk Management has continued to be



profitable with only a comparatively small change in their business structure. "These changes were always made with a focus on the welfare of the employees who had been so loyal to Max and American Kiosk Management," says Anthony Hussey, director of investment operations for AKM, who nominated James for the award. "Max expects the best from himself and his associates. He can motivate all of us using a variety of approaches," Hussey says. "He doesn't let a failure stop him from pursuing his goal."

Product and people: Two key ingredients

To ensure profitability, James is always testing new concepts and products. "On average we beta-test three to five product lines a year," he says. Currently being tested is Sheer Cover, a cosmetic line, with other products on board for this summer. "We are testing the market penetration by selling this product [Sheer Cover] on all of the existing Proactiv RMUs. We will see if it has the sales potential to be marketed on a separate cart," says James.

New product lines must meet certain criteria before they can be considered at AKM. Products that need replenishment are always a good bet. Proactiv RMUs enjoy a 70-80% retention rate of



customers for this reason. Other successful products include ones that can be demonstrated, and ones that are always needed like sunglasses. Products that are well known in the marketplace but not readily available through traditional retail channels—such as Proactiv—also work.

In addition to having the right product, surrounding yourself with the right people is key, says James. “Only associate with people of the highest character. Hire for character, train for skill,” he says. AKM looks for team members who have the potential to grow into higher leadership positions within the company. Some employees have been with AKM for over 11 years. For example, the current president and COO, Linda Johansen-James, started as training and recruitment director. Nikki Lloyd, vice-president of field operations for the west coast, started as a part-time salesperson.

James offers his employees many tools for growth. One of these is AKM University, where employees can bone up on leadership and sales skills. He has also instituted a scholarship program for employees to pursue their areas of interest—no matter what the field is. This was the idea behind the \$100,000 check he granted at the SPREE awards ceremony: to set up a scholarship fund to encourage new talent in the specialty retail field.

For more about the scholarship fund, please read our SPREE coverage, page 98.



Beyond specialty retail

James's support is not limited to the specialty retail industry. He is the founder of Camp Soaring Eagle, a camp in Sedona, AZ, for seriously and chronically ill children. Here kids can escape the often painful environment they experience as patients on a day-to-day basis. He has contributed millions of dollars toward this project. “This year we'll send about 300 kids to camp,” he says.

James is grateful to many in specialty retail who guided him in his endeavors. “Somebody needs to give Patricia Norins [the publisher of *Specialty Retail Report*] the credit she deserves. I would've made a lot more mistakes without her and the SPREE organization. I was begging for answers in the beginning,” he says.

James says it felt great to be inducted into the Specialty Retail Hall of Fame. “It feels like a capstone to this segment of my business career,” he says. “And while I have received a few awards in my career for individual achievement, this was in no way an individual achievement award. This represents the really dedicated efforts of thousands of people, many who have been with me for a decade. This award does not belong to Max James, but to the American Kiosk Management family,” James adds.

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