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Remarks at the May 18, 2005, Annual Meeting of the Portland Business Alliance

Well, Mom is here somewhere selling her book this morning, so I finally get a chance to talk, and to express some long-standing concerns of mine over the policies, actions and direction of local government.

Thank you very much. I am honored to have been asked to share some thoughts this morning with my friends and colleagues in the Portland business community.

First, let me make clear that while much was made a few years ago of Columbia Sportswear moving our headquarters to Washington County, we are and always have been a Portland company.

It was here in Portland where my grandparents and my mother and sisters came when they fled Nazi Germany in 1937.

It was here in Portland where my grandfather bought a small hat wholesale Hat Company, choosing the name after he opened up the phone book and noticed that a lot of businesses had "Columbia" in their name.

It was here in Portland under the St John's Bridge—where my father presided over the company after he took the helm following the death of my grandfather.

It was here in Portland where my mother, sister and I struggled to save the company after the death of my father in 1970.

It is here in Portland where we have our Flagship Store, Sellwood Outlet Store and our state-of-the-art 825,000-square-foot distribution center.

It is here in Portland where many of our employees live and where my family and I call home.

It should also go without saying that Columbia's success is in many ways intertwined with the success of Portland.

We depend on safe highways and thriving ports to move our goods by road and water.

We depend on schools and colleges to produce a strong and talented workforce.

We take heart in the beauty of this state and a style of life that leads folks to buy our product.

And, of course, since we make rain gear, we are happy to embrace Portland's rain.

There was a famous business quote that declared "What is good for General Motors is good for America." Well, let me suggest that given all I have told you, it should be obvious that what is good for Portland is good for Columbia Sportswear.

The bottom line is that I have both a personal interest and a professional interest in making sure that Portland and this region succeed. And at the heart of my remarks this morning are some concerns over some recent actions by our local governmental bodies, and some suggestions on lessons government can learn from business.

Let me be clear in saying that I am not here today to simply suggest that government ought to be a business. Their roles and responsibilities are fundamentally different. But I ask you to consider for a moment if the City of Portland was a business, what would its prospectus look like?

Well, among other things, it would say:

"Our financial obligations exceed our revenue and we have trouble maintaining our existing line of business. Management's attention in the last year has been focused on acquiring a new line of business, and if we acquire it, we will spend much of our time learning how to run it. While we are spending countless hours of our time, and millions of dollars to hire bankers and lawyers to study this acquisition, we are cutting funding to public schools. And while public safety is a top priority of our citizens, we cannot afford to jail offenders, and we recently severed our relationship with the federal government on a task force aimed at preventing terrorism."

Would you be willing to invest your money in an operation that offered this prospectus? The answer is obvious.

So, how do we go about writing a different prospectus for our city and our region? My first suggestion would be focus on the fact that cities and states now actually do compete in a global marketplace, just as companies like Columbia do. And it is worth asking—are Portland and this region doing all they can not just to compete, but to win?

Are they comparing our ability to educate and graduate students from high schools and colleges to efforts underway in countries like India and China?

Are they looking at the flexibility of its land use planning compared to that of Kentucky, where we recently built a new distribution facility?

Are they looking at how our investments in roads, rails and waterways — and the ports generally — compare to other locations on the west coast?

I would suggest that if the question was whether or not the PBA is doing all these things, the answer would be yes. But if the question is whether or not the City of Portland and Multnomah County are focusing on its competition to the degree they should be, the answer is no.

As a public company, we know our investors couldn't care less where we're located, they want high returns. Investors in our company, and in companies this area is competing to attract, have choices. Are we doing all we can to make their choice here?

One of the best pieces of advice I received in my early days of running Columbia was that we made too many products that were not superior to our competitors, and that we should focus on the ones that were unique to us. Years later, our advertising agency sold us on a new campaign highlighting the fact that having a mother and son running the company was something unique in our industry.

What services does government uniquely provide? Safe streets and good schools come to mind. Running an electric utility does not.

The fact is that politics, like the apparel industry, is often driven by what it is in fashion. People in business, like people in politics, are constantly pressed by investors and others to leap to the latest fad. In recent years, there was substantial pressure for Columbia to get into the internet business. There were also those who proposed we open a huge chain of stores — something we have no experience doing. And we are pushed to buy just about any company out there — most often in the apparel industry, but not always. We have decided not to take any of these roads. Instead, we have stuck to things that we do well. I would suggest the City of Portland should do the same.

One of the things we do well at Columbia is to maintain fiscal discipline. Since our business nearly failed in the early 1970's, our mantra has been to have a "fortress" balance sheet. Fiscal discipline has seen us through good and bad times, and insures that our operations are sustainable.

Compare the success of our Rivergate Distribution Center — which was a huge investment for us — with what Multnomah County is going through with the Wapato Jail — a 500-plus bed jail that the County built but could not afford to open and operate. Imagine if we had built Rivergate knowing that we didn't have the money to open it. Our shareholders simply would not tolerate that. And neither should the shareholders of government — and by that I mean taxpayers — be expected to tolerate the Wapato fiasco.

I want to finish where I began, by stressing that Columbia is a Portland company, and my comments and concerns reflect my affection for a city and region that have provided so much and can promise so much more.

And since I have talked about the responsibilities of local government, I need to also stress this: our government is what we make it. It is always easy to sit in the bleachers and complain about the players on the field. Those who are in the arena of public service take a lot of hits, personal and professional, while spectators sit back and boo and order another beer.

We need to do more than sit in the bleachers. I have no interest in ever running for office — although my mother might. But I do believe we have an obligation to be involved, to encourage our employees to be involved in shaping our government, finding solutions, helping our city and region compete. It is not just about providing tax dollars, but about providing leadership, talent, and ideas.

I am pleased to note that Mayor Potter will soon be hosting a business summit here in Portland. I am confident that there will be a big delegation of PBA members at this summit, and it is our duty to be as clear as possible with our concerns.

Government at all levels should remember a statement that was a favorite of my father's — "Self examination is better than self defense." It is easy, especially when times are tough, to adopt an "us versus them" mentality, and to think that anyone who questions your decisions is questioning your competence or your intelligence. I would hope

that, with the encouragement of the PBA, our local government might engage in some self-examination to determine if actions they are taking will lead to a better, safer, and more prosperous Portland.

Thank you.

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