

RETAIL

WINNING STREAK

A new logistics facility and sound risk-management plan have Hibbett Sporting Goods set up for double-digit store

Opening 75 new stores in the last year alone, construction and a move to new corporate-owned headquarters, an expanded and re-configured logistics network, and growth plans for the next five years—all part and parcel of **David Benck**'s work as vice president and general counsel of **Hibbett Sporting Goods**. "In a small, in-house legal department you are something of a generalist," he says, "but when issues arise, you're expected to have the knowledge base of a specialist immediately, or within a short time."

Benck is chairman of Hibbett's enterprise-risk-management committee, a group of senior managers who meet quarterly to discuss short- and long-term mitigation efforts, opportunities, and ideas. It has proven to be a dynamic resource, allowing Hibbett to focus resources on areas of the highest risk to the company. "It remains an evolving process," says Benck. The committee initially identified approximately 100 potential risks that retailers typically experience and ranked them as low, medium, or high risk. They then factored in onset speed—the group's perceptions as to whether those risks would materialize slowly or rapidly—and the potential impact. Hibbett has an evolving and relevant action plan for successfully addressing a wide range of perceived risks, including IT security, protection of customer data, damage to critical infrastructures, and competitive interests such as other retailers or e-commerce sales.

Benck's role also includes participation in store selection. "We are pretty strict when it comes to new store selection," he says. "Each potential store has to meet certain requirements as far as population density and other demographics of the area, such as unemployment numbers and disposable income. The real-estate committee votes on whether or not to open the store in question. Stores have to perform at a predetermined pro forma level in order for us to vote to open the new location, and we have to be confident



HIBBETT SPORTING GOODS
 Birmingham, AL
 8,100+ employees
 The Business: *Hibbett Sports is a publicly traded chain of more than 900 sporting goods stores located across the country, though largely concentrated in the Southeast.*

that it's going to perform at that level." Leases include certain nonnegotiable requirements, including an early termination option if the store underperforms. Protections include prohibiting potential competitors from coming into the shopping center, contingencies in the event that the shopping center is underutilized, or traffic decreases. "We typically have a lease that, at the end of the day, enables us to be nimble and flexible and protects us and mitigates against the downside," Benck says. "We're not afraid to close underperforming stores."

One of the most significant developments for Hibbett has been the reconfiguration of its logistics network and the move to a new corporate headquarters. "Our old facility was a leased one," says Benck. "The lease runs until the end of 2014, so four years ago we determined what our needs were as far as logistics. Looking at our current foot-

print, our anticipated growth, the geographic concentration of those stores, and trying to determine the best place for a future logistics function, we narrowed it down to a few locations and went through numerous negotiations with two states and local municipalities before finally deciding to place a location in Alabaster, south of Birmingham." The move was completed in summer 2014.

Benck's activities outside of Hibbett influence his role there. "I'm on the board of directors for USA Gymnastics, which is the sole national governing body for the sport of gymnastics in the United States, and I also sit on the board of directors for the American Arbitration Association, which is the largest alternative dispute provider worldwide. I've met some great people through those organizations and activities."

He also teaches a course, Practicing Law In-house, at Cumberland School of Law at



Samford University. “More than anything,” he says, “that requires me to be up on every single issue from identifying who the client is, state licensing issues, ethics, compliance, governmental investigations, the latest laws on attorney-client privilege, document management and record retention, and retaining outside firms. Just preparing for the class requires me to polish up on many, many issues. I’m able to bring a lot from my teaching experience and apply it to my roles at Hibbett.” **P**

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**HIBBETT SPORTS
LOGISTICS OPTIMIZATION**

- 1. Upgraded Logistics**
An upgraded logistics facility allows Hibbett to distribute its goods rapidly. “This helps us have the proper merchandise in stores and for the customers, improving sales,” says David Benck, vice president and general counsel.
- 2. Better Margins**
Having the proper goods in the right stores at the right time helps Hibbett maintain better margins.
- 3. Tax Efficiencies**
The relocation of the logistics facility resulted in significant tax efficiencies, primarily through the incentive packages that Benck and leadership were able to negotiate. Going forward, Hibbett expects those tax credits to reduce certain state-tax obligations.
- 4. Omni-Channel Retail**
Hibbett is developing an omni-channel presence that will enable the company to do a better job of anticipating its customers’ needs, identifying inventory locations, and distributing directly to consumers. “The new logistics facility gives us the space and technology to do that,” Benck says.
- 5. Set for Growth**
The new facility should enable Hibbett to meet its growth expectations. It can handle 1,200 locations immediately, and is expandable up to approximately 1,500 locations, giving the company the base it needs to continue growth for the next five years.



David Benck

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We value our relationship with Hibbett Sporting Goods and applaud the accomplishments of David Benck, Vice President & General Counsel.



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