

How One Iconic American Brand Got Back on a Roll

WHEN ROBERT PASIN JOINED Radio Flyer, the iconic red wagon maker founded by his grandfather in 1917, the company wasn't growing, and wasn't profitable. Pasin was named CEO in 1997 and shifted Radio Flyer's focus from manufacturing to product development. The company has since been on the Inc. 5000 four times. In 2015, sales topped \$100 million. Pasin explains how he got the company rolling again. —SHEILA MARIKAR

Photograph by PETER HOFFMAN

PUT FEET ON THE GROUND

Shortly after Pasin became CEO, he recognized one of Radio Flyer's greatest weaknesses: It had no system to see how customers were using its products. The company began working with market research firms to find out. Product designers were sent to homes, zoos, and playgrounds around the country to see first-hand the ways kids were riding the wagons, tricycles, and other items Radio Flyer makes, and, in 2011, a Play Lab with a "test track sidewalk" was installed at the company's headquarters in Chicago. "We'll videotape how they ride the product," Pasin says. "We'll say to Mom, 'OK, take this wagon and put it into your trunk,' and then we watch: Is it clumsy? Is it awkward? We spend a huge amount of time observing the ergonomics of our products because people are riding them." Observation has paid off: While watching toddlers ride their toys, Pasin's team came up with the idea for a scooter with a wider deck that would offer a less wobbly ride. "We went from not having a product in this category to becoming the No. 1 brand and product in scooters for little kids," he says.

TAKEAWAY Design smart products by first understanding how they work in the real world.

OVERCOME COMPLACENCY

Despite its history, Radio Flyer was going nowhere in the late '90s. "We had this great brand that everybody had been raised

with and that was still well known, but the company wasn't growing and we had no product-development capabilities," Pasin says. Competitors with plastic wagons were cutting into the company's bottom line, and Radio Flyer had a significant amount of debt. Many employees had been with the wagon manufacturer for decades, and many were wedded to the old ways of operating. Through early retirements and layoffs, Pasin eventually reduced head count by 65. He shut down Radio Flyer's in-house factory in 2004 to instead focus on design and development. He made it mandatory for employees to set goals that mesh with the company's mission. (One asked if there was any additional pay for setting these goals. That person no longer works at Radio Flyer.) "The culture was too far gone" when he became CEO, says Pasin. "We were able to change the culture by changing some of the people."

TAKEAWAY Overhauling your staff may be necessary to get out of an institutional rut.

BUILD A CULTURE DELIBERATELY

In 1997, when Pasin made his first hire, Radio Flyer had no hiring process or HR function. That continued until around 2004, when he began looking at lists of best places to work and set out to get on those roundups by building what he calls "a culture of excellence." This includes an onboarding and assimilation process for new employees that encourages



RADIO FLYER

Robert Pasin's first job was working on the company's packing line. Years later, he realized early in his tenure as CEO that manufacturing wasn't the company's ticket to growth.

No. 4,975

2015 INC. 5000 RANK

44%

3-YEAR GROWTH*

\$110.7M

2014 REVENUE

1917

FOUNDED

92

EMPLOYEES

-25

CHANGE IN NUMBER OF EMPLOYEES*

* From 2011 through 2014.

them to build internal relationships, and internal classes to grow talent (called Wagon U). Communicating was key. "Before," says Pasin, "we never had company meetings unless we were announcing bad news." He also implemented an internship program to entice all-star students in engineering, industrial design, and other fields to join the team. "That's a significant feeder of talent into our company," Pasin says. Radio Flyer offers nice perks: flex time, parties for employees and their families, a wellness reimbursement program, an exercise room, and a garden with a walking path at Chicago headquarters. Last year, Crain's Business Chicago ranked the company the seventh-best place to work in the city, calling out its employee incentives and philanthropic efforts: Radio Flyer donates thousands of wagons to local and national charities.

TAKEAWAY Leaving your company culture to chance guarantees stagnation.