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Shoe man hopes for toehold in China

Rejected by U.S. giants, designer looks overseas

Lenn Hann had a problem with running shoes.

As he began training for marathons, he complained about shoes that weren't up to the job. One day in 1995, his brother dared him: "If you think you can design something better, do it."

It helped that Mr. Hann is an electrical engineer who designs products for a living, but it still wasn't an easy task. After years of trial and error, he now says he has the shoe he was looking for.

Mr. Hann, founding partner and manager of Energy Management Athletics LLC in Wheaton, says he's developed a shoe that efficiently cushions both the heel and the front of a runner's foot.

Now he faces another challenge: selling his design to shoe companies. So far, he has approached New Balance Athletic Shoe Inc., Nike Inc. and Adidas A.G., only to be turned away.

He's having more luck with Li Ning Co., China's largest sporting goods company, which is negotiating with Mr. Hann and his partners for a deal to sell his "full suspension" running shoe. Edward C. Frederick, a New Hampshire-based consultant for Li Ning, confirms that talks are under way.

"Li Ning is a company to watch," says Terry Rhoads, managing director of Zou Marketing in Shanghai, which analyzes the Chinese sporting goods market. "So far, Li Ning means cheaper versions of Nike and Adidas. (But) if they carve out some of their own space with a technology story that is real, then they could stay on target to have \$500-million sales by the 2008 Olympics — albeit still behind Nike and Adidas, which should have \$800 million and \$700 million by 2008."

Running shoe sales in China are difficult to quantify, Mr. Rhoads says. The Washington, D.C.-based Sporting Goods Manufacturers Assn. estimates that \$11.96 billion in athletic shoes were sold in the United States last year, up 19.3% from 2004. That figure includes \$3.15 billion in running and jogging shoes.



Lenn Hann developed a "full suspension" running shoe that China's largest sporting goods company, Li Ning Co., is looking to sell. Photos by John R. Boehm

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LACK OF EVOLUTION


While bicycles, skates and skis have gone through a design revolution in recent decades, running shoes haven't, Mr. Hann contends. "Running footwear really hadn't evolved that much," he says. "In no other sport do people so readily expect to be injured."

After years of experimentation at home — "My friends and neighbors used to laugh, 'What's he going to come out of the house wearing next?'" he recalls — Mr. Hann says that in 2002 he struck on the right combination of structures and lightweight materials and applied for a patent.

The front part of the shoe moves like a hinge. He compares the sensation of wearing the shoes to that "floating" feeling one gets while walking on the moving walkways at O'Hare International Airport.

Mr. Hann, 49, who describes himself as a middle-of-the-pack marathon runner, wore the shoe in the 2002 Chicago Marathon. "I had the best marathon of my life," he says.

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Mr. Hann founded Energy Management Athletics in 2004 with investor Michael Cohen, a Chicago financial futures trader. They hired Benno Nigg, director of the human performance laboratory at the University of Calgary in Alberta, to study the shoe.

The runners tested by Mr. Nigg consumed 2.2% less oxygen while wearing Mr. Hann's shoes than they did while wearing New Balance shoes. "Two percent in any high-performance sport is substantial," Mr. Nigg says.

James Sferra, head of foot and ankle surgery at the Cleveland Clinic, doesn't share Mr. Hann's opinion that running shoes need a design overhaul, but he

acknowledges, "There is room for improvement."

Dr. Sferra says the results of Mr. Nigg's test sound impressive but that they're just one piece of data. "There's something to it, but it needs to be supported by more observations."

A spokesman for the Sporting Goods Manufacturers Assn. says outsiders like Mr. Hann typically have a hard time persuading large companies to look at their designs.

"There's a certain amount of pride, in that Nike wants to come up with (designs) themselves." But, he adds, "The fact that Li Ning is interested shows that he must be onto something."

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