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Vermont Teddy Bear CEO dismissed

*By Dan McLean
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After more than a decade at the helm of Vermont Teddy Bear Co., CEO Elisabeth Robert was dismissed Wednesday.

The company was tight-lipped on why the 53-year-old chief executive was ousted. Earlier this year, Robert said sales had sagged and layoffs were needed.

"This is often what happens when companies held by private-equity firms run into financial difficulty," Robert said of her replacement, later adding, "They tend to keep CEOs on a short leash when it comes to operating performance."

Robert said she learned she would lose her job Tuesday.

William York, a direct-marketing executive with experience at Dell Computer Corp. and L.L. Bean Inc., has been named interim president, the company announced Wednesday morning.

Vermont Teddy Bear's earnings for the most recent fiscal year were "materially" lower than in 2007, Robert said, declining to state if the company was profitable. In hindsight, Robert said she was "perhaps, a little too aggressive with our marketing strategies" heading into last Christmas.

But, she said, the fiscal health of the company has improved. Vermont Teddy Bear is on "solid financial footing" and has a plan in place for 2009, she said. Sales from April to June -- which include Mother's Day -- were about 100 percent better than the same period one year-ago, she said.

Vermont Teddy Bear reported having financial problems earlier this year.

Citing a failure to reach sales goals and a challenging retail environment, the company laid off 15 full-time employees and eliminated seven vacant management positions in February.

When the layoffs were announced, Robert pointed to lackluster Christmas and Valentine's Day sales. But she expressed optimism. "I'm hoping that by the next six to 12 months, we'll see the consumer develop confidence. I think much of it is fear. People are fearful at the moment," Robert said then.

Tasha Wallis, executive director of the Vermont Retail Association, said the overall retail climate has remained difficult. "Retailers are facing a lot of challenges," she said, noting some of the discount stores are performing better. The gift sector, Wallis said, is an "interesting part of the market" and some businesses are continuing to do well.

"It's really those retailers that have identified a niche market that have continued to thrive," she said.

Going private

Vermont Teddy Bear ended a 12-year run as a publicly traded company in 2005 in a \$50 million deal led by The Mustang Group LLC, a Boston private equity firm. The company's management team and

FreshTracks Capital, a Shelburne investment firm, also owns a stake in the plush toy manufacturer. Cairn Cross, managing director of FreshTracks, could not be reached for comment.

"The board is extremely grateful for the numerous contributions Liz has made during her 12-plus year tenure," Bob Crowley, chairman of Vermont Teddy Bear's board of directors and managing partner of the Mustang Group, said in a written statement. "We wish her the best of luck in her future endeavors and we anticipate Liz will be highly sought after given her stature and presence in the community."

Crowley could not be reached for further comment. Calls seeking comment on why Robert was replaced were referred to Vermont Teddy Bear's vice president of marketing, Irene Steiner. She declined to comment.

Shelburne-based Vermont Teddy Bear Co. was founded in 1983 and employs 246 full- and part-time employees at its two Vermont locations, in Shelburne and Newport, company spokeswoman Wendy Duval said.

York said he is honored and delighted to join Vermont Teddy Bear.

"Vermont Teddy Bear is one of America's best-known brand names, and for good reason: great products, wonderful service and loyal customers," he said.

There were some controversial moments during Robert's tenure.

Robert was compelled to resign from the Fletcher Allen Health Care board in early 2005 because of the controversy surrounding Vermont Teddy Bear's "Crazy for You" bear. As CEO, she faced criticism from mental health advocates and politicians who said the bear, dressed in a straitjacket and accompanied by commitment papers, was insensitive to people with mental illness.

Robert joined Vermont Teddy Bear as the company's chief financial officer in 1995 and was named CEO in 1997. She formerly was the CFO at AirMouse Remote Controls, a manufacturing firm in Williston specializing in remote control devices for interactive television and computers. She also has served as director of gas supply rates and planning and as assistant to the president of Vermont Gas Systems Inc.

Robert said she is not certain what she will do next.

"I haven't gotten to that," she said Wednesday. "But I intend to devote my efforts to business and creating value and jobs in the state of Vermont."

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