

The Atkins Brand Toast?

Why the Atkins diet is getting plumped up with product.

When Dr. Robert Atkins died in April at the age of 72 after slipping on an icy sidewalk outside of his Manhattan medical practice, carb-avoiding dieters across the country were left without their chief patron--as were the employees of Atkins Nutritionals, the business that Dr. Atkins launched nearly 15 years ago to sell a line of vitamins. Ironically, however, the company, which markets Atkins-brand packaged foods, has been on a tear in the months following the diet doc's sudden death. Under its new leadership, Atkins Nutritionals has introduced 70 new products this year--a pace unheard of in the food industry. Research firm NPD Group pegs Atkins's 2002 sales at well over \$100 million and 2003 sales to be more than twice that.

While observers may be surprised by the furious clip with which Atkins has released new product lines, Atkins himself anticipated extending the brand before he died. In fact, he hired the executives who now run the business back in August 2000. But given that the push into new businesses has accelerated since Atkins's death, it is possible that the new team has more ambition for the name than the man who put them in place. Atkins Nutritionals president and COO Scott Kabak says the business's strategy is to place an ever-increasing number of products bearing the company logo--a red-and-blue "A"--in health food stores and then supermarkets nationwide. "We're being very aggressive in launching products and expect to continue to be for the foreseeable future," he says.

The growth comes despite considerable turmoil in the organization. In October, with the consent of Atkins's widow, Veronica, the company shut down the doctor's beloved medical practice. In so doing, Atkins Nutritionals pulled the rug out from under an heir apparent who may have had the vision for the business that most clearly matched that of Atkins himself. Of course, any company, after the death of its founder, faces the question of who should take charge. And this is complicated when the founder is closely identified with the brand. Wendy's paid homage to founder Dave Thomas in its ads after he died, while Frank Perdue's son replaced his father as the face of his company. Kentucky Fried Chicken simply turned Colonel Sanders into a cartoon. Now Atkins's successors must decide how far they will push his name, and how devoted they are to his vision. "The Atkins brand is powerful," says Scott M. Davis, of brand-strategy consulting firm Prophet, "and has elasticity that most other brands don't have."

"I didn't even know that he was still alive when I read that he had died." Brand expert Hayes Roth Kabak puts it more succinctly: "This is not a diet but a lifestyle," he says. "There's no ceiling to this business."

Dr. Atkins first espoused his diet principles more than 30 years ago in his best-selling book, *Dr. Atkins' Diet Revolution*. In the years since, his diet has become a cultural phenomenon, with clinicians debating its efficacy while restaurant menus routinely flag Atkins-friendly entrees. More than 60% of all Americans are either overweight or obese, and industry watchers estimate that the number of Americans on a low-carb diet is now as high as 30 million.

The executives who Atkins tapped to build out the products business came from publishing: Kabak and Paul D. Wolff, Atkins CEO, had worked together at Times-Mirror Magazines. When the pair, who are both 49, joined Atkins, the company essentially had two products--a line of protein-rich shakes, similar to Slim-Fast, and a line of protein bars, called Atkins Advantage. These two lines sold moderately well, but the business that the partners took over pales in comparison to what they have now: Atkins has introduced more than 100 products in the last three years.

But despite the company's rapid growth, the medical practice--called the Atkins Center for Complementary Medicine--was always Dr. Atkins's primary focus. Located in midtown

Manhattan, it had 4,000 active patients in 2003. Devotees came from as far away as Uzbekistan, even though they were required to return for checkups at least every six months.

When Atkins died, a brash, 34-year-old doctor named Keith Berkowitz emerged as his successor at the clinic. Here's where the absence of the founder was most obviously felt. The products company had coexisted peacefully with the practice when Atkins was alive. But though the doctor had founded both businesses, the principals decided that the two entities should split up following his death. The plan was for Berkowitz to buy the practice for an undisclosed sum; as part of the deal, he would give up the Atkins name, which was important to the product marketers.

Then on October 2--just days before Berkowitz was set to ink the deal--Atkins Nutritionals announced in a press release that the center would cease operations 13 days later. Patients were informed that they would need to seek treatment elsewhere. The center's 25 employees were given notice. Berkowitz was stunned. In a statement, Veronica Atkins said, "It is sad for me to see the medical practice close, but I am gratified to see [my husband's] teachings being accepted and practiced by physicians in this country and around the world." (Through a company publicist, Veronica Atkins declined to speak to *Inc.*)

From: Inc. Magazine, December 2003 | Page 25 **By:** Michelle Leder