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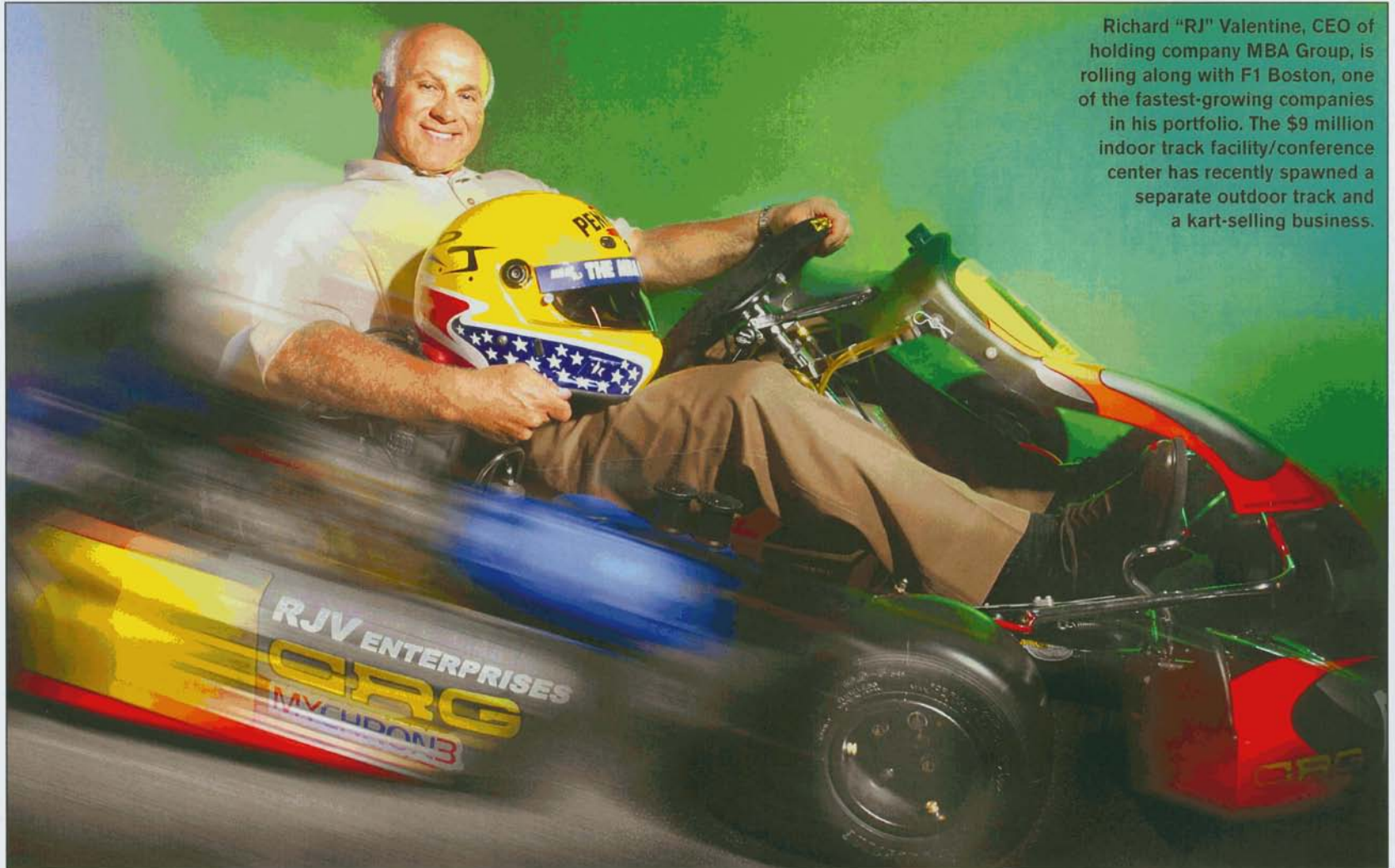
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Maxing revs

The MBA Group/F1 Boston



Richard "RJ" Valentine, CEO of holding company MBA Group, is rolling along with F1 Boston, one of the fastest-growing companies in his portfolio. The \$9 million indoor track facility/conference center has recently spawned a separate outdoor track and a kart-selling business.

PHOTO ILLUSTRATION BY W. MARC BERNSAU | BUSINESS JOURNAL

Entrepreneur drives his MBA Group with F1 and subsidiary businesses

BY SEAN MCFADDEN
JOURNAL STAFF

BRAINTREE — Richard "RJ" Valentine has the need for speed. Not just the kind that has fueled his long-standing personal passion for auto racing. But also the kind that is driving his diversified business conglomerate, The MBA Group of Braintree, into new avenues of growth — many of which are focused around his F1 Boston kart-racing business.

Valentine, an accomplished risk-taker, has traveled uncertain roads many times since establishing The MBA Group in 1969 as a holding company for a vast array of companies that it has either owned and operated or invested in. Among his more notable successes are the Massachusetts Business Association (also known as MBA Insurance), which has grown to 47,000 member companies, serving over 150,000 employees in Massachusetts; and Jiffy Lube, a chain of auto service centers that Valentine grew to 30 locations in New England before selling it to Penzoil for \$30 million in 1993.

"I back into markets," says Valentine, now 60. "I always look for where the pain is."

With F1, he says, the pain point

was a lack of diversity in the marketplace for corporations seeking participatory activities that went beyond baseball games and rounds of golf.

Motor sports, he says, is "probably one of the most misunderstood tools for business in New England. Behind the scenes, there's a huge amount of entertainment."

Valentine's idea was to replicate the concept of indoor kart racing that he'd observed in Europe years earlier, while also putting his own spin on it — by adding a full entertainment and conference center, corporate events facilities, as well as adult and children's leagues.

"If you look at it from a demographic standpoint, this has something for everyone," he says.

However, when he first presented the idea to city planners in Braintree, Valentine says that "it was so distant a concept from anything anyone had ever heard of that people were skeptical about erecting a building for racing indoors."

Developing the project, he says, involved three years of research, a lengthy permitting process, a \$9 million price tag (he covered 75 percent of the cost himself) and a yearlong buildout.

Valentine officially launched F1 Boston as a 106,000-square-foot facility at a site adjacent to the South Shore Plaza in Braintree in June 2000. Since then, F1 is said to have grown 50 percent to 60 percent each year and now contributes between 3 percent to 5 percent of MBA Group's total annual revenue,

FAST FACTS

Richard Valentine established The MBA Group (incorporated as Mass Businessman's Association LLC) in 1969.

In 2000, Valentine opened F1 Boston, an indoor, Formula-1 style kart-racing facility that adds a conference and exhibition space component to the concept of European-style indoor racing.

In 2003, Valentine launched F1 Outdoors, an outdoor track located in Bridgewater. He also began selling racing karts via a partnership with SSC Racing of Palm Springs, Calif.

estimated at \$450 million for 2003. Valentine estimates that over 450,000 adrenaline junkies pass through F1's doors each year — more than 70 percent of whom are corporate types. Those clients are served by a staff of 145.

Ron Zooleck, president of the South Shore Chamber of Commerce, was among those who were initially skeptical of F1's potential — "I was thinking of a novelty; I wasn't thinking of a unique meeting facility."

To give F1 wheels beyond a mere novelty act, Valentine has grown the concept in the following ways over the past year:

- He established F1 Outdoors, a \$6 million outdoor karting facility, located on a 25-acre lot in East Bridgewater, featuring faster karts and a 1.5-mile track.
- He began selling the karts them-

selves through a partnership with Palm Springs, Calif.-based SSC Racing, for which he serves as "master" distributor in 14 Northeast states for the company's CRG and Rotax RM1 models.

- He launched F1 Air, a business air-charter service for which he aims to establish a fleet of luxury private jets.

- He has initiated plans to roll out F1 nationally through two new locations: an 89,000-square-foot facility located near the St. Louis football stadium, set to open next year, and a nearly 120,000-square-foot facility, located at the site of a major new mall project in the Meadowlands, N.Y., set to open in 2007.

Valentine is the first to acknowledge that F1 is "an expensive business to start up." Ongoing operational costs — the karts alone, which are manufactured in Germany, are said to cost upwards of \$4,500 per unit and must be replaced every couple of years — as well as logistics, present a significant barrier to entry in this market.

Mike Tesler, president of Norwell-based consulting firm Retail Concepts Inc., credits Valentine with going into "completely new ground. ... It's a destination business."

But, Tesler adds, there is certainly room for F1 to grow: "I don't think he's begun to penetrate the market or has the awareness that he could have."

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