

Q&A SBS President Chuck Hooper Keeps Company Riding High

BY JASON NORMAN

KENT, WA—It's not a good idea during an interview with Chuck Hooper to ask his age.

"What?" asked Hooper, president of Seattle Bike Supply. "No, I didn't ride wooden rims."

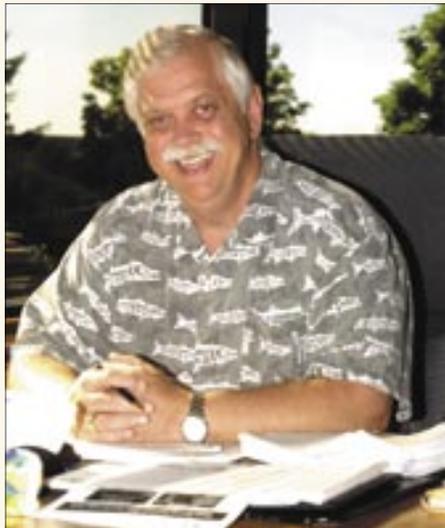
Known for his gregariousness, among other things, the candid Hooper has helped turn SBS into a major player in the distribution game.

His first involvement with SBS came as a customer in 1981, while owning a small bike shop. Hooper became an employee of the 33-year-old company in 1985. "I was asked to come and babysit the company for two weeks while the former owners took a trip to Japan," Hooper said. "That was 22 years ago." Hooper became president in 1992.

Terry Heller founded SBS in 1974. With a tight budget and Ford station wagon, Heller started his first "wagon jobber" concept for selling bike parts in the Northwest. His concept was a simple yet effective one: provide extraordinary customer service and competitive pricing.

Since then, much has changed at SBS, except for that straightforward

philosophy. SBS now has four warehouses strategically placed throughout the United States and one in Europe. SBS has the thriving Redline Bicycle brand, along with other proprietary brands including Torker bikes and Potenza cycling gear.



Chuck Hooper

Perhaps the biggest change in the company took place last year when the Dutch company Accell Group acquired SBS. Hooper called the relationship a "very pleasurable experience" thus far. Accell Group occupies a strong posi-

tion in the middle and higher segment of the cycling market. Accell now owns 12 cycling-related companies.

From the backend of a wood paneled station wagon to over 150,000 square feet of distribution space, SBS has come a long way since its inception. This is largely due to the people that drive SBS day in and day out.

"I've been very fortunate to have some great people work for us over the years and buy from us," Hooper said. "I attribute most of our success to the supportive customers we have and the employees we've had over the years. They are the ones that have built our business," Hooper said.

With annual sales exceeding \$40 million, SBS is now competing with distribution heavyweights like QBP. But that's not what drives Hooper and SBS.

"I believe we compete with just about everyone out there that's in the bicycle distribution business," Hooper said. "However, we don't get overly focused on the competition. We try to do the best that we can to offer our customers the type of service they want and give them a unique assortment to choose from within the realms of being a profit-based business."

would say just about all of the above has changed.

What do you think about some of your competition like Steve Flagg and Steve Hawley?

Hooper: I think these are great people for the industry, are great competitors and have put a lot of effort into making their companies the type of operations they are today. Steve Flagg dedicates a lot of the profits from his company to promote cycling and he became a great technology leader in the industry. We (SBS) also spend more money than I want to even talk about promoting and sponsoring the BMX market throughout the world. Steve Hawley has built up a great regional distribution company. In the old days we used to sell Hawley small amounts of BMX parts which, in turn, he would put a small margin on and sell in his market area where we sold very little. Then he got too big so we had to cut him off (laughing).

It seems technology plays a big part in distribution now with bar coding and the like. Where does SBS stack up? Where can it improve?

Hooper: I feel SBS stays in the upper quarter of technology. We embrace items that help a large number of dealers and not just a few. We have been bar coding for so many years, I can't remember when we started. All our proprietary lines are UPC-coded and on distribution lines that are not bar coded we affix an in-house bar code. We use RF (bar code scanner) guns to move our product throughout our warehouses. Next step would be some form of magnetic technology. We have live inventory, business-to-business, 24-7 Web site access for dealers so that they can toggle prices on and off for consumer usage or their own. Hopefully we can get all of our dealers on Web usage 100 percent so we can eliminate all the paper catalogs and only go the paper route to print a specific item for a consumer. We're wasting way too much. As an industry we need a universal open code POS (point of sale) system that we can all link to so data is complete for all of us to do a better job.

When you eventually call it a career at SBS and the bicycle industry, what would you like your peers to say about you?

Hooper: Chuck was really a fair guy, had a great sense of humor and always tried to do one better for his customers. **BRAIN**

What has Accell's acquisition meant to SBS?

Hooper: Accell Group is a 100 percent cycling and fitness based company and they understand the bicycle business; they place organic growth of their companies as an important aspect of all their companies, so with properly presented plans to them we can continue to grow our company as we want with a very strong financial partner. Operationally, we are totally stand-alone, however, we can voluntarily take advantage of synergies if we want to. They are extremely strong in Europe and that's been a great advantage for increasing the Redline product sales there. They were looking for a company that had distribution in North America, that was self managed and had a seasoned record of profitability. They acquired all of that with us.

Which Accell brands have excelled in the States and which would you like to see do better?

Hooper: Well, we really just have started up this year with sister company brands. Our first joint effort was actually with Accell Fitness North America (Tunturi, etc). We do logistical work only for them out of our Ohio warehouse. Our next items were Lapierre (France)

bicycles and frames—a very high-end, beautiful product. And our last item we added this year was Batavus bicycles—very traditional Dutch bicycles as well as state-of-the-art commuter-type bikes. These just came in and orders are starting to roll on them already. As far as do better? We would like to see all of these lines grow and expect them to for the next several years.

How has Redline done in Europe?

Hooper: This has been an area of huge growth for us. By adding stock availability in Europe, smaller distributors can get fill-in stock and not miss sales waiting for their container shipments. Also, Accell Group companies Batavus (Benelux) and Winora (Germany) picked up Redline. With BMX becoming an Olympic medal sport in 2008, it has also greatly increased interest in Redline.

SBS has many bases covered in terms of variety of bikes, whether it's Redline for BMX or Torker for cruisers. Is the company satisfied with its bike lineup or looking to add others?

Hooper: I guess we need to do a better job marketing (laughing). Redline has quite a mix of adult niche and mainline bicycles now besides the youth

market, which is the core of that product line. In addition, we have Batavus bicycles. I doubt we will add any more Accell Group bike brands in the near future—unless pertinent opportunity exists. We will just keep refining and growing the brand names we have.

Does SBS like to keep a distribution balance between bikes and accessories? What's more important?

Hooper: We don't have a specific matrix or percent we want to balance to. We started out as a parts and accessories supplier so we'll always keep that an important part of our company. With the addition of the adult bike lines we will definitely sell more in that (bicycle) category.

How has the distribution landscape changed since you first started?

Hooper: Tremendously. Distributors of old were basically break bulk styles of operation. There was little to no marketing at the distribution level, owning proprietary names was unheard of and basically you were a bicycle or parts distributor. There was one method of selling and that was with outside salespeople and the largest amount of distribution was handled more on a regional basis. In today's world, I