

United Bicycle Parts

Ashland, Oregon
Years in Business: 23
Number of Employees: Five

Being a smaller distributor presents some challenges, but United Bicycle Parts (UBP) owner Ron Blocher prefers to play up the perks of running a small operation.

"It's hard to compete with larger competitors that have more resources, terms, extensive product lines and sales forces, but we try hard to use our size as an advantage," Blocher said.



The UBP crew from left: Ron Blocher, Nathan Riddle, Thom Kneeland, Duncan Coppedge and Jim Calhoun.

He said UBP distinguishes itself with its personal level of service.

"Every employee including myself answers the phone, takes orders and fields customer questions. We don't have customer numbers for our accounts. We like to say to our customers, 'You're just a name here.'"

UBP started in Ashland, Oregon, in 1984 with an emphasis on small parts and hard-to-find items. The company's strategy served the business well for over 20 years, but as manufacturers and the marketplace moved away from repairable components toward replaceable assemblies, UBP had to shift its business plan.

Blocher merged his Mile High Cyclewear business with UBP in March 2005, and has since taken over all operational duties.

Today, UBP has close ties with brands such as Full Speed Ahead, Marzocchi, Shimano, WTB, Thomson and WheelSmith, but also stocks smaller lines that hit niche markets and are not as widely distributed, such as Arrow, Gamut, Gravity Dropper, IRD, Marwi, MKS, Nitto, Pake, Suginno and Vuelta.

The bulk of its business reaches as far north as Seattle and south to San Francisco, but its foray into softgoods has helped it expand nationwide. UBP

has exclusive or semi-exclusive softgoods contracts with Canyon Cyclewear, Gaerne, Go-Girl, Outlaw MTB Clothing, Precarious, Retro Image Apparel and World Jerseys.

"The soft goods category continues to grow for us and really help our sales in other parts of the country," Blocher said.

UBP has at least one major advantage compared to larger distributors: its responsiveness to niche demands.

"We are constantly looking for the new item or line that has appeal to niche cyclists and that our customers cannot get just anywhere. Because of our size, we can move into markets that are small but growing. We don't have to sell thousands of something for it to be worthwhile for us."

Blocher said differentiating a business from its competitors is challenging for dealers and distributors alike. "So we go out of our way to offer products that not only make us different, but allow our dealers to separate themselves from the crowd," he said.

til the 1960s. In the '70s, they started making bicycle security cables; that was the beginning of supplying retailers with product," said Karen Peterson, Karbin's daughter and general manager of Lexco's bicycle side. (The other part is Lexco Cable, managed by Peterson's brother.)

From that single-product start, "they grew by adding brands and customers. Eventually, my father and uncle split the businesses, and my dad took the wholesale. My dad and mother are both 78, but still come in every day," she said.

Olympic Supply

Milwaukee, Wisconsin
Years in Business: 59
Number of Employees: 20

Don Goniou, a World War II veteran, has seen a fair share of changes in the 57 years he has worked at Olympic Supply, a wholesale distribution business his father started back in 1948.

"When I started here, there were fifty-something regional distributors, now what's left you can count on one or two hands," he said. "Everything was family, family and family. Today it's not like that anymore. We're still old fashioned and do our own thing. And every year we have an increase and keep going along"

One of his sons currently works at the company, and two of his grandsons, while in college, have gotten their feet wet in the family business. Goniou expects them to take over some day, after they're finished with school.

In the company's early days, it offered complete bikes and hobbies. Olympic stopped offering complete bikes after Schwinn's bankruptcy and got out of the hobby business in the late '60s. Today its business is in parts and accessories from some 100 different manufacturers, which it supplies only to independent bicycle dealers mostly in the northern Midwest states such as Illinois, Iowa, Minnesota and Wisconsin.

Goniou said Olympic works with some 350 retailers; many are third-generation shops that have been with it since the beginning. "We've got long-term relationships with customers. We don't have a large turnover of clientele," he said.

The company is selective, ensuring that its accounts are firmly established in bikes. "We're always looking for new accounts but guys that have to be dedicated to the bike business. If bicycles are a small part of their business, we're not interested in them. I just turned down a triathlon guy in Indiana. He just wanted to cherry-pick the line and we're not interested in that. We're look-

ing for people who are going to be around for a while. We're not going after the fast bucks," Goniou said.

As a regional distributor, Olympic caters to a specific market and the company has been successful doing so—with steady 5 to 7 percent growth each year. Growth prompted Olympic to build an addition to its warehouse six years ago. Goniou said the company is running out of space again, and might have to move to another building soon.

"We sell in the Midwest so we tailor our product line to that," said Goniou. "We don't worry about the East Coast or the West Coast. We tailor our product and we carry accordingly. All fads start on the West Coast and we don't get them until two to three years later," he said.

Schwinn tires, for example, remain popular in the Midwest and Goniou said Olympic still carries them. "We sell a lot of them in this area. Schwinn was located in Chicago in its heyday and we still carry old stuff that's popular in the Midwest," he said.

Aside from a tailored line, the company offers fast shipping. Olympic ships all products from its 15,000-square-foot warehouse in Milwaukee, and most is delivered overnight. "Everything we ship out of here is a single-line haul and they get it next day," he said. "We don't like to go beyond two-day service. That's the way it's got to be."

And any order of any size is acceptable, with no extra charge on small orders. "We don't have a minimum order. We don't believe in them. If a guy needs a part, he needs a part. You take care of them. Nobody is perfect and will forecast the future perfectly," he said.

Retailers these days have to be much more savvy about business, Goniou noted, or they won't be around for long. And while Olympic has changed with the times, some things, such as online ordering and UPC coding, are still in the works. Goniou expects to have an Internet ordering system set up by year's end.

Lexco

Norridge, Illinois
Years in Business: 53
Number of Employees: 12, including outside sales support

Lexco is a family-owned, customer-as-partner business dating to 1952, when Harold Karbin and his brother opened a hardware store and Schwinn made an offer: buy four bikes and become a franchise.

"That was the beginning of his Schwinn franchise days. The store continued as a Schwinn shop in Chicago un-

Now carrying multiple national brands plus its own-brand lines, Lexco regularly serves about 500 retailers. The company developed and lives a partnership strategy, Peterson said.

"Our strategy is to become a partner with our customers as well as a partner with our vendors. It becomes more of a network and partnership than the traditional vendor-customer, distributor-retailer relationship. We build our business practices and our attitudes upon that premise,



Front row from left: Karen Peterson, Harold and Helen Karbin and Neal Karbin, owner of the Lexco businesses and general manager of Lexco Cable.

Downeast Bicycle Specialists

Fryeburg, Maine

Years in Business: 25

Number of Employees: 11 full-time, 2 part-time

For 25 years Downeast has supplied retailers in the Northeast with all their cycling needs. Started in 1982 by Dave Kinsman and Steve Pucci, Downeast began with bike parts in cardboard boxes and a handwritten inventory and price sheets.

From its humble beginnings, Downeast now boasts comprehensive computer tracking and labeling systems, as well as online ordering and invoice management for retailers.

In 1999, Doug Moore, an experienced businessman with a passion for cycling, acquired the company. Under Moore, Downeast has continued to grow, supplying thousands of items to more than 3,000 retailers in all 50 states, but most accounts are in Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.

"We know the Northeast and New England better than our competitors,

and everyone here is knowledgeable," Moore said.

Friendly and knowledgeable staff sets Downeast apart. All employees are dedicated bike enthusiasts; some have been with the company for 12 to 13 years.

"Our dealers know that when they call us they will know the person who picks up the phone, and we work really hard to maintain that personal connection with every dealer," said Jeff Cavicchi, a buyer for Downeast.

The distribution business in the Northeast comes with some unique concerns. Chilly weather limits the cycling season to a frenzied April through September. And many bike shops turn to winter-related sports during the cold months. However, Downeast keeps busy by using the slow season to improve database management, update



From left: Doug Moore, Peter Moore, Steve Pucci, Cathy Fisher, Derrek Schlotmann, George Frick, Donna Cormier, Jan Newhouse and Doug Hagstrom.

its Web site and prepare the catalog for next season.

To achieve quick turnaround during the busy spring and summer seasons, Downeast aggressively manages the stock of core items—those that its retailers sell quickly and frequently replenish. Downeast is the exclusive distributor of Time frames for the east coast, but it doesn't stock many other private-label items. Focusing on core SKUs—mainly replacement parts such as chains, cassettes, tires and pedals—

helps it stay competitive.

"We stock a lot more variety than our smaller competitors, but we don't complicate it by trying to carry everything to compete with the distribution giants," said Cavicchi. "That lets us process and ship orders as quickly and accurately as possible with usually one- to two-day delivery."

Rising gas prices and the growth of the Internet are constant challenges. Retailers increasingly rely on the Internet to manage inventory and track purchases and buying patterns, so having a user-friendly and accurate Web site is important, Cavicchi said.

To combat rising shipping costs, Downeast cuts overhead costs and finds efficient ways to manage the company instead of passing the buck to retailers. Providing services like product labeling and offering comprehensive purchase and trend reports also keep Downeast ahead.

Moore said the biggest growth challenge his company faces is ensuring one-day shipping. But he remains optimistic and expects continued growth and expansion.

Performance Cycle Products

Mt. Vernon, New York

Years in business: 34

Number of Employees: 5

Back in 1973, when Francis Bollag got into the business, retailers were either Schwinn or Raleigh dealers. Most were selling banana-seated Sting-Rays or Sting-Ray wannabe bikes and had little interest in 10-speed bikes from Europe.

"Everyone was comfortable with the business they had and didn't see any reason to complicate their lives with that European derailleur nonsense," Bollag recalled.

So he launched his business supplying young retailers that, like him, were interested in the new wave of European bicycles. Gradually, the old Schwinn and Raleigh shop owners retired and sold their shops, and younger retailers selling 10-speed bikes grew in market share. Performance Cycle Products



Francis Bollag, owner of Performance Cycle Supply

grew along with them.

"It's a generation later and I'm seeing the same thing now in the business. Quite a few old established retailers and distributors are very comfortable doing business with each other," he said. "But the young 20- to 30-year-old retailers trying to break into the busi-

ness are finding it very difficult."

Bollag finds this worrisome since the future of the business is today's young retailers. Yet the trial by fire to get established is discouraging many from sticking with the business. For his part, he likes picking up new shops and spending time to give them the benefit of his experience if they want it.

"We are treating our future retailer generation, those most in need of guidance and help, too hard. I think Trek forgets that when they started, they could only get dealers who couldn't get Schwinn or Raleigh," Bollag said.

He expects the next 10 years in the industry to be very interesting. As for his business, Bollag is changing the model that brought him success over the years.

Rather than being a mainline distributor as back when the company started, Performance has focused on a

few product lines. Bollag sees his company as more of a manufacturers' rep to retailers. These days, many of the brands he started with have diluted their distribution so much, that it's made it hard to go forward.

"It used to be my competition selling Graber racks was Thule. These days it's other distributors selling Graber. I don't blame them, but it's not good business for me," Bollag said.

So Bollag is developing a component line of his own, which he hopes to launch next spring, to supplement the lines he already carries (Park Tool, Planet Bike, Graber/Saris, Sigma Sport and Innovations). He is tight-lipped about what he has in mind, but concedes he has too much ego to develop knock-offs.

"They will be unique products not already on the market. So like many retailers who have personalized their business with fitting, I'm going to personalize the parts I offer," Bollag said.

so it's a somewhat less traditional approach," she said.

Excellent service is a key component of the strategy, she said.

"We work hard to make sure that each and every contact with our customers is a great experience. We've tried very hard to hire very high-caliber sales people, both inside and outside, and we've expanded that base quite a bit over the past two years," Peterson said.

One example of partnering payoff is Lexco's relationship with bicycle rental companies.

"We do a lot of business with rental

facilities and feel like we're in partnership in how we service them, do special orders and approach business relationships with them. They have their network across the country, so as we serviced our first customers they recommended us to other rental services. That business has grown exponentially," Peterson said.

Retailer customers run the gamut and include but are not limited to family-type shops. Regular customers include stores in urban Chicago and surrounding suburbs, and others around the country.

Lexco keeps sign-up for new retailers fairly simple, asking that they have a business license and reseller's tax number, and preferring but not demanding credit references. "We will go with a credit card account," Peterson said.

Lexco responds when retailers ask it to go deeper into a line or acquire additional brands, she said, and that triggers a domino effect that helps feed the distributor's growth—enough that both Lexco companies need more space.

"We moved here just four years ago, and both businesses have outgrown the current facilities. Not only are we look-

ing to expand this facility, but might open a warehouse in another area," Peterson said.

The current warehouse covers about 15,000 square feet, and Lexco will keep its headquarters in the Chicago area, where one-day shipping is available to many parts of the country. The site of a second warehouse is yet to be decided.

"There are some really good things happening. We're adding brands, we're adding lines, we've added salesmen, expanded our marketing efforts, and there's a broad horizon of options we can do," she said.