

# Under new CEO, BikeStreet USA dials back growth plan

By Val Vanderpool

FORT LAUDERDALE, FL—Just two weeks after Gregg Throgmartin took the reins as CEO and primary shareholder of BikeStreet USA, a specialty retail chain with 17 stores in the Southeast, he was on a plane to Monterey, California, to attend the Bicycle Leadership Conference. It would be his first major bike event, and a chance to rub elbows with industry executives, suppliers and fellow retailers.

“There was some really great info there, and it was a good opportunity to network,” he said. “And coming into the industry from the outside, you can see that some people recognize a change needs to happen, that the industry needs to adapt, do more to get kids and women and new riders into the mix.

“We do a great job talking to each other, within the industry,” he added, “but not necessarily to people outside of the sport.”

And Throgmartin would know, because he comes to the industry as an entrepreneur first, cyclist second. “I represent our average consumer, which means that riding is a part of my life, but it’s not my entire life,” he said.

At age 36, Throgmartin already has decades of retail experience, having grown up in his family’s business, the consumer electronics and appliance

retailer H.H. Gregg, which his grandparents started in the Midwest in 1955. After earning an MBA at the University of Chicago, Throgmartin eventually became executive vice president and chief of operations at H.H. Gregg.

During his career there, Throgmartin helped take the company from 35 stores and \$450 million in annual revenue to more than 228 stores with \$2.5 billion in revenue. He also played an integral role in



BikeStreet USA location in West Palm Beach, Florida

selling 80 percent of the company to a private equity firm, taking the company public and facilitating a successful second offering.

And Throgmartin sees the same kind of opportunity to grow BikeStreet in the IBD channel.

BikeStreet started in May 2012 with aggressive plans for rapid expansion outside its home state of Florida.

BikeStreet acquires established bike shops, takes over the business end of things, then employs their former owners to not only run them, but also take on strategic roles within the company. According to Throgmartin, BikeStreet’s goal is take successful shop owners already engaged in their community and help them achieve greater success by lightening their load.

“I’ve never seen an industry where business owners are so passionate, but not necessarily about doing taxes, payroll, dealing with banks and those kinds of things,” he said. “But we can do the back end for shop owners really well so they can focus on what they’re good at—taking care of customers, servicing bikes and sharing their passion for bikes.”

And while BikeStreet got off to a strong start, growing to eight locations in Florida in a little more than six months and hitting 17 in less than two years, things went quiet for a while as the company made some changes. Throgmartin replaced Pat Patregnani, who will stay on as founder and chairman. “We worked on it for a few months,” said Throgmartin. “We are back in the acquisition and growth stage, but it’s different now.”

For one, Throgmartin said BikeStreet doesn’t have a hard target when it comes to growing store count. What’s more important to Throgmartin is quality over quantity. “I want to work with shop owners who want to be a part of something bigger, who want that team atmosphere,” he said. “I think about it like going on a group ride instead of by yourself.”

So the company is taking a “one customer at a time” approach, which Throgmartin said is crucial for healthy growth. “We want it to just keep getting better, and by finding the right owners who want to be a part of it and get to share and innovate and then see it rolled out across 50 to 60 stores,” he said.

To find those shop owners, Throgmartin has been hitting the streets. He has also spent time getting to know suppliers and distributors in an effort to understand and support their business initiatives.

BikeStreet rebrands its stores because Throgmartin believes there is greater value in the search potential of having one consistent brand. But not having a cookie-cutter store is also important. “We want the store to have a local feel, and people are the single best part of a shop,” he said. “Still, we want to emphasize an engaging experience, so we will do what we need to do when it comes to merchandising the store to improve customer experience.”

Throgmartin also said the company aims to retain the same brands in the stores it acquires, but will add some depth and breadth where appropriate. “So it will vary greatly from store to store,” he said. “We want to be one cohesive brand, but also want our stores to have their own character.”

But Throgmartin also sees opportunity to contribute to growing the industry alongside BikeStreet, and said that the key lies in being approachable.

“So how do we get people like me excited about riding bikes—people who come to the sport from the outside? We have to be saying to them, we’re going to mentor you, help you with all the little nuances,” he said.

“We’re going to provide the best products at the best price with highly trained staff in an atmosphere that is engaging and approachable—where the customer always comes first.” **BRAIN**



Gregg Throgmartin, who grew up in his family’s business, retailer H.H. Gregg Appliances, took over as CEO of BikeStreet USA in late March.

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