

Cervelo Cycles

Toronto, Canada
Years in Business: 12
Number of Employees: 40

Despite the fame and prestige now associated with the brand, Cervelo Cycles' early days were lean times for company founders Gerard Vroomen and Phil White.

The two young engineers started Cervelo Cycles in 1995 with a goal to develop more aerodynamic bicycle



Gerard Vroomen (left) and Phil White

designs. The first three months were exciting, filled with tests, research and prototypes—that is, until the money ran out.

"The first five years were pretty tough," said Vroomen. "We paid ourselves \$50 per week for food and that was it. Luckily we were friends with the guys who started Rip n Hammer apparel, so at least we had something to wear."

Vroomen and White have since grown Cervelo into a well-known name in cycling worldwide. As sponsors of Team CSC and top triathletes, their cutting-edge bikes are featured prominently in the biggest races and competitions. Such rapid growth meant the founders faced new challenges at every turn.

As Cervelo fever spread, the company would double production only to hear from dealers that they could

have sold three times as many.

"You have to keep reinventing everything," Vroomen said. "As my partner, Phil White says, each year the questions are the same but the answers change."

Cervelo works hard to maintain a network of professional and educated dealers. In July, dealers were invited to its headquarters in Toronto for "Brain Bike." Over the three-day event, dealers test rode Cervelo bikes, attended seminars on bike fit and geometry,

material properties and carbon fiber technology.

"We want to educate our dealers even more. There is a lot of misinformation in the industry, and (Brain Bike) makes dealers understand bikes of all stripes and colors better, not just Cervelos. It makes them better advisors for their customers," Vroomen said.

But Cervelo is at the forefront of technology in more ways than its aerodynamic bicycles and retailer training. It's the first bike company to have its own Internet television station. Cervelo.TV was launched in 2006 to show customers all things Cervelo. It features videos and podcasts that give fans an inside look at the products, races and company.

Vroomen contributes to a blog on Cervelo's Web site, where he offers his opinions on the Tour de France, racers to watch, Paris Hilton and medical services in foreign countries.

The company's new RS model has gotten rave reviews from *Bicycling* magazine, *VeloNews* and *220* magazine. Its frame offers a longer headtube while maintaining the stiff, efficient ride that Cervelos are known for.

A cross bike is also rumored to be in the works, though Cervelo is mum about production or release dates.

the premises," said Roberto Rossi, director of marketing for Guru.

Rossi, who joined the company earlier this year, has worked on the agency side servicing clients such as Nike and Coca-Cola for the past 10 years. He hopes to refocus the company's marketing to convey the craftsmanship that goes into each Guru bike.

As part of its revamped brand image, Guru is re-launching its Web site, which will incorporate more community-oriented interaction. Guru also simplified its product mix. "The models were scrutinized and reduced. We're

Race Face Performance Products

New Westminster, British Columbia
Years in Business: 15
Number of Employees: 55 in Canada and 20 in Taichung City, Taiwan

Making clothing is a polar opposite from engineering high-end components, yet Race Face has managed to grow both sides of its business. And not only in North America—its clothing is a big hit in Germany and the UK and component sales are booming in Australia and New Zealand.

Race Face had the good fortune to grow up alongside North Shore riding and the explosion in mountain biking in British Columbia.

"In the mid '90s it was typical to use one cross-country bike to do everything on the North Shore, but the building of trails in steeper terrain and the introduction of man-made obstacles rapidly changed the demands on equipment," said Bryn Johnson, Race Face senior components designer.

"We saw early on that use-specific components had to be engineered to address the needs of riders building stunts and launching. Our ability to evolve quickly and create suitable products for changing rider needs is driving our sales," Johnson added.

While its cross-country components outsell its freeride and downhill parts, Johnson thinks Race Face's reputation for durability and innovation from its North Shore success influences customers.

Canada also assists companies using scientific research to innovate and push boundaries to become leaders in technology. While basic, many businesses, including Race Face, cite this governmental program as important.

"The biggest financial factor in surviving as a Canadian manufacturer is currency exchange rates between the Canadian dollar and the U.S. dollar, not to mention Taiwan dollars and Euros," Johnson said.

The company used to manufacture almost everything in Canada, but today about a quarter of its cranks—all



Edward Malunhao, one of the night-shift workers, loads Team Chainrings onto one of the CNC milling machines.

the Deus SL, Atlas AM and Diabolus DH X-Type cranks—and almost half of its chainrings are made in-house.

What Race Face chooses to make in-house is based on its manufacturing competencies. Often technologies or materials developed in-house are not available in Asia.

The company is ramping up a new carbon fiber manufacturing area in its New Westminster facility to produce mountain and—some time in the future—road components using a carbon fiber material not available in Asia.

Race Face clothing and armor are less than 20 percent of overall sales, but it's growing. The vast majority of sales are to Europe, with only about a quarter from North America.

"The North Shore phenomenon was a really good push for our business in past seasons, but when we look at markets more globally, or even across Canada and the U.S. alone, the climate, geography and rider needs are dramatically different," said Shawna Paynter, Race Face softgoods product and production manager.

"It's important to stay close to our roots as far as servicing riders who are into aggressive terrain, but it's not the end all be all. We look forward to servicing a greater range of rider types throughout our product lines."

tanium, aluminum and steel.

To familiarize retailers with the company's vision going forward, Guru is hosting some 70 U.S. shops this month at its new 25,000-square-foot headquarters in Montreal.

"We moved into a much-larger facility that's five or six times larger," said Tony Giannascoli, Guru's president. "The old facility was too small. We're growing at a rapid rate and we are continuously investing in technology and new equipment."

Giannascoli began building bikes in his garage when he was an engineering

Louis Garneau

Saint-Augustin-de-Desmaures, Quebec
Years in Business: 24
Number of Employees: 400

If the blur of a bike race hadn't captured 12-year-old Louis Garneau's imagination, Canada might have lost one of its best bicycle racers and industry entrepreneurs to a career as an art professor.

Captivated, he raced at the first opportunity. "I finished 30 out of 31. But I beat a big guy and was happy because I was not last," said Louis Garneau of his career-launching first race in 1971.

Garneau struggled for good results at first. "But I just worked very hard, year after year. My slogan is 'Never give up' and I believe in that a lot. So I started getting better and better," Garneau said.

Indeed, Garneau won about 150 races during a 14-year career that included winning a 1978 Canadian National Championship, representing Canada in three world championships and the '84 Olympic road race, riding numerous international races and earning a

spot on the professional Stowe (Vermont) Bicycle Team.

He even met his wife-to-be, Monique Arsenault, at a race in

1976. In 1983, in his father's garage, the couple made a bare start in cycling apparel.

"At the beginning, I didn't expect anything big. We just made bicycling shorts for my friends in the city," he said.

After the Olympics, he considered turning pro in Europe but instead retired from racing.

"I had no job. I had studied art. I was supposed to be a professor and I had a dream of one day being an artist. But my mom told me, 'It's good art, but you won't make a living at that. You need a real job,' he laughed.

Combining his artist's background, Arsenault's sewing skills and their knowledge of cyclists' needs, they launched into apparel full force.

By 1988, Garneau had a sizeable factory in Canada and opened an as-



The clan behind LG: Edouard, Louis, Victoria and William Garneau and Monique Arsenault

sembly and distribution center in Vermont in 1989. Garneau was first to make cycling apparel in Canada and introduced sublimation printing to the North American apparel market. He introduced high-tech helmets in 1989, accessories in 1995.

The company now distributes in more than 40 countries, produces a full range of some 1,200 products, and has an extensive customizing business that can provide teams with helmets, apparel and bikes to match. He added the bikes in 2001.

As his sons, now 17 and 15, showed

Many U.S. cyclists might not be familiar with Argon 18. This might be due in large part to Argon 18 not having a U.S.-based distributor. Rioux feels the company has a better response to the market by shipping from Montreal.

"We have about 65 retailers and U.S. distribution is growing steadily," Rioux said. "The U.S. market is a priority for us and we have guys in customer service dedicated to market development south of the border."

There's no shortage of competition when it comes to carbon fiber suppliers, but Rioux thinks Argon 18 has a leg up.

"When I work on

interest in racing, he saw a need for good bikes for youngsters. "My motivation started with my kids," he said. He ordered bikes from a local frame maker, and put the Garneau brand on them. "Reaction was really good," he said. The line now includes a full range.

Garneau has 21 U.S. sales reps and sells only frames in the States, but may introduce complete road bikes in 2009.

As a family man, Garneau's resisted buyouts. "I am hoping that my sons and my daughter can take over. That is my dream right now," he said.

And, as owner of a private company, he feels a special connection to independent retailers—the company serves about 2,000 in North America.

"We put a full cycling solution on the market. I ride five times a week. I test our products. I go to races with my sons. I have passion for cycling, and I hope people can see that in my products. My company is not driven by cash; it's driven by the product and innovation, and we are a partner with the IBD," he said.

a new bike I always think about the quality of the ride people will get on real roads," Rioux said. "All modesty left aside, even if there are a lot of good bikes on the market today, we have to assert one important thing: we are fully dedicated to the development of optimally balanced road bikes.

"In my race days I've been three times Canadian road champion and my knowledge of the race led me to the Seoul Olympics in 1988," he added.

"All bikes I develop benefit from this experience. So from Argon 18's foundation 'til now we are proud to say our expertise comes from the road."

that can tell that story," Pinazza said.

Dealers that do carry the brand benefit from good margins, good terms and dating, he said. "Our retailers don't have to order months in advance."

While Guru's model resembles a handmade framebuilder's in many ways, it varies in its distribution approach, where the retailer "definitely has a role to play" especially in regards to fit. To that end, Guru plans to offer retailers its Dynamic Fit Unit early next year. It showed a prototype at last year's Interbike, but the unit has since been refined.

ern Canada."

In 1999, Argon 18's main product was made with Easton Ultralite aluminum tubing. Back then, this type of aluminum frame was seen as very high quality, especially since Argon 18 insisted on using aerodynamic tubing.

"But we could sense that the industry was transforming toward a dynamic in which technology was to be a major factor," Rioux said.

That's when Rioux decided that research and development should be the company's focus. In 2001, Argon 18 launched its first full carbon-fiber frame.

Jump forward to 2007 and Argon 18 features seven full carbon frames, including the award-winning E112 time-trial bike.

"All these frames are designed by us from my own roadie background," Rioux said. "All of our designs are absolutely exclusive and all of our frames are built using our molds."

Argon 18

Montreal, Quebec
Years in Business: 17
Number of Employees: 20

Having felt like he accomplished his goals as a cyclist, Gervais Rioux was ready for a new challenge. Even weeks before he retired, Rioux was still seen as one of the best road riders in Canada.

"I wanted to stay in contact with the world of cycling and to put some of my roadie experience at the service of more people," said Rioux, founder and owner of Argon 18.

When a small, high-end bike shop in Montreal needed a new owner, the opportunity was too good to pass up.

"I sensed the project had an excellent potential," Rioux said. "The name of the store became Cycles Gervais Rioux and it was the only place people could find Argon 18 bikes. Still, the bikes gained a solid reputation in East-



student in college. Before he knew it, many friends began ordering bikes, but he admits business was a "garage" op-

eration for many years. His company now employs 33 and builds roughly 2,000 custom, handmade bikes a year.

Pinazza said Guru is the only company that offers a tri-specific

Robert Pinazza (left) and Tony Giannascoli

carbon frame that's customizable—and is the only carbon fiber manufacturer in Canada, and one of a handful in North America.

Guru bikes sell for between \$2,200 and \$8,200 with the bulk of sales com-

Guru Bicycles

Montreal, Quebec
Years in Business: 10
Number of Employees: 33

The Guru Bicycles brand is in the midst of a re-launch, but its mantra—"one soul at a time"—remains the same.

"We're of Italian origin. And just like homemade pasta is done, [our bikes] are slow cooked. It makes a difference. We sweat the details. Everything is custom made and everything is done on