

# Bicycle Retailer

Published by the NBDA AND INDUSTRY NEWS

## Herd on the Street

**Race for Race Face:** “If only...” That seems to be a common lament among some niche suppliers of cranks. When the banks pulled the plug on the Canadian manufacturer some companies found their bikes languishing on the factory floor sans cranks. But companies that would’ve liked the additional business are unable to ramp up to take advantage of the vacuum in supply. One U.S. executive at a small but influential supplier said he could have sold a thousand cranks today but had no way to supply them. Others said they want the business but are treading lightly. Emotions are raw. “I don’t want to be seen as a vulture,” said one supplier who received a snippy reply from a company with longstanding ties to Race Face. As an aside, the consensus is that a buyer will emerge to pick up the brand but Race Face employees may not be around to help revive the company if that buyer waits too long.

**Europeans missing in action:** There’s no doubt that the tragedy in Japan has taken a toll on visitors to Taipei. However, most companies here say it appears many Germans who had planned to come to Taipei either reversed course in mid-flight and returned home or cancelled plans altogether. Germany’s citizens are hypersensitive to the issues posed by radiation exposure—a sensitivity honed by the reactor meltdown at Chernobyl. But there may be another reason as well. Several show attendees have told us that when the German government issued a travel warning to Asia, insurance companies let it be known that if anything happened while traveling here they could kiss their insurance coverage goodbye. What’s surprising is that U.S. insurance companies—notorious for seeking any reason to refuse coverage—haven’t done the same.

**A pip of an error:** Yes, Mark, you can blame BRAIN’s publisher for once again misspelling your name in that caption of you with our editor, Megan Tompkins. For the record, Sani said he’d take the bullet. Hence forward, he promises to spell your last name correctly—Pippen...oops, I mean Pippin. Oh for god’s sake he’ll get it right sooner or later.

Continues on page 3

## Taiwan factories give SRAM edge on lead times

**F**rom early on, SRAM’s business philosophy has been to be positioned close to its customer. That approach has paid particularly good dividends in Taiwan, where the component manufacturer runs two just-in-time factories enabling it to stick to 30-day lead times for its products.

The primary factory is a maze of buildings set among the rice fields in Taiwan’s Shen Kang Hsiang district outside Taichung that has grown to cover 60,000 square feet over the past two decades.

When SRAM opened the factory in 1991, it represented \$1 million in revenue; today that number has grown to \$13 million. The company manufactures mostly \$1,000 retail and above product for its Avid, RockShox, Truvativ and SRAM brands in Taiwan. Lower end product is made in China, and Zipp’s high-end wheel production comes out



of Indiana.

Inside the Taichung plant workers stationed at U-shaped pods keep five RockShox suspension fork assembly lines running during nine-hour shifts. A sixth line is dedicated to rear

shock assembly. Workers push through 800 pieces a shift and deliver about 14 to 15 fork models every day. Each fork requires about 100 parts.

SRAM produces on average

Continues on page 5

## Sanfa opens second Taichung factory

**S**anfa Bicycle Industrial Company is celebrating its 40th anniversary by starting production at a new Taichung factory next month.

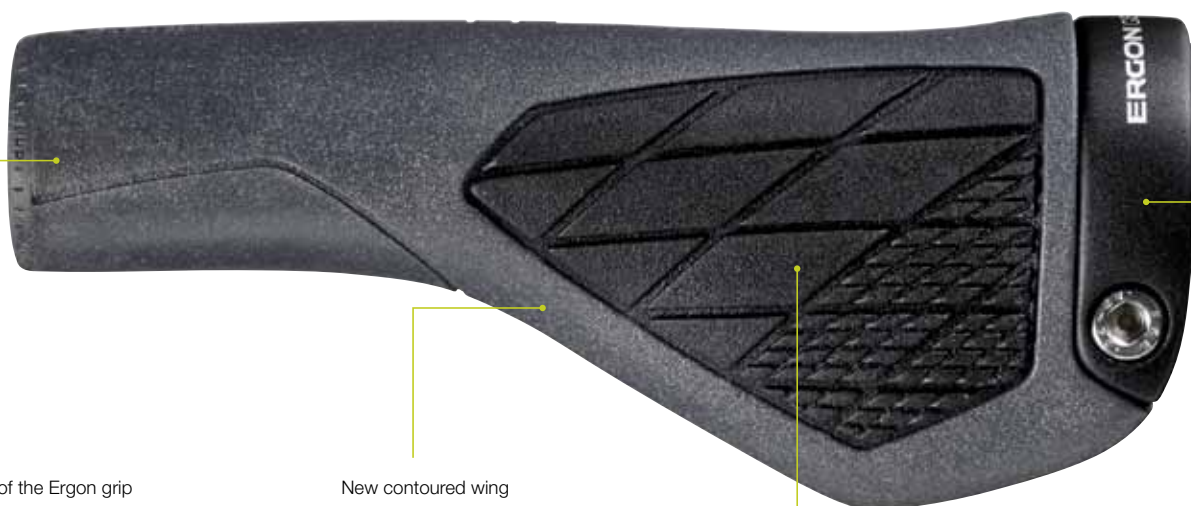
Sanfa invested \$10 million in the new factory, with most of that investment going to state-of-the-art paint facilities. “There are a lot of new standards for environmental, water-based



Jimmy Shaw at the Sanfa booth with photo backdrop of the new Taichung factory.

Continues on page 4

# GS1 Leichtbau. The new benchmark.



The evolution of the Ergon grip design. 7 years of German innovation, testing and real world R&D.

New contoured wing shape for quicker hand positioning.

Dual density padding for optimised damping and precised feedback.

Anodized, highly secure lightweight aluminum clamp.



## HX1

The HX1 is specially cut and designed to be precise-fitting for cross-country and race applications. It matches perfectly to the GS Leichtbau grip series.



## HX2

The HX2 is the long finger version of the HX1 glove.



GS2 Leichtbau



GS2 Leichtbau Carbon



GS3 Leichtbau

## GS Grip Series.

Brand new, and already with a World Champion's title (Alban Lakata, Topeak Ergon Racing Team). The GS Leichtbau grip series offers an optimized balance of comfort and performance required by top endurance athletes.

Taipei Cycle  
Booth L0523

## Herd on the Street

TESTICLES RELAXING  
We invite you to try

**It's a relaxing experience:** On the sixth floor of the Nangang Convention Center there's a 10-by-10 booth with the above banner hanging inside. It's a Chinese company selling saddles. Need we say more? They get an A+ for effort and further comment is unnecessary.

**Wild spec over Specialized:** An email making the rounds among some executives has raised more than a few eyebrows among those who received it. Let us state right off that Specialized isn't on the sales block. But here's the email as it was sent from a competing company. No changes. No editing. We've deleted the source.

*"Specialized have summoned top 10 uk dealers to their office. They have signed an NDA and the meeting is 'no phones'. These dealers are being given advance notice of a global announcement later this week. Not sure what it is yet. I remember from our sale process that we had to pre-notify some employees of the sale. I may be mistaken but I think that on a large-scale transaction a corporation may have a requirement to notify top customers???? My guess is a funded buy out of Merida ownership."*

That will turn out to be a bad guess, according to some top brass at Specialized. Think very cool, very high-tech product with an unlikely partnership. The consumer press will run wild.

# JD Group finds new spot for electric drive system

**T**he JD Group, a major player in the European electric bicycle market with its TranzX brand, introduced its newest electric motor Thursday—a bottom bracket drive system. It's a move that will keep them as one of the top three suppliers in Europe where some 280,000 electric bikes will be sold this year.

Yet the company has yet to sell a single bike in the U.S. market spec'd with its power system, said George Pascal, owner of ITMS, the company's public relations firm. "The U.S. market is obviously very tough," he said.

Ask anyone in the electric bike business whether American consumers will ever adopt e-bikes as they have in Europe and the most frequent answer is a skeptical "maybe."

Giant's Tony Lo takes the long view when discussing the U.S. market's future. And a long time Trek manager said that in his opinion electric scooters, similar to Vespa-style scooters, might have

**"There's a lot of debate over motor locations, but TranzX now offers a lot of options."**

—George Pascal,  
owner of ITMS,  
JD's PR firm

more potential than bikes.

Ed Benjamin, a consultant and founder of the Light Electric Vehicle Association (LEVA), echoes that skepticism. Still, he said, the TranzX system is among the best on the market. And with the introduction of its new central-mount motor, a TranzX e-bike



Jack Lee, design director for JD Components

looks less like a bulky electric bike with outsized hubs and more like a regular bike.

TranzX, however, makes hub motors for either the front or rear of a bike and with its 4.1-kilogram central motor it now offers suppliers a full spectrum of electric power products. "There's a lot of debate over motor locations, but TranzX now offers a lot of options," Pascal said. The company is the first to offer all three power locations.

A key advantage of a bottom-bracket mounted motor is it lowers the bike's center of gravity, improving its handling. It also transmits power directly to the chain, increasing the bike's acceleration and performance. It also helps maintain a more conventional appearance, a plus for some

consumers.

Besides manufacturing electric power systems, TranzX is also an OE e-bike maker, Pascal said, supplying either bikes or power systems for about 50 European brands like Winora, Batavus, Hercules and others.

Its newest models for 2012, scheduled for retail introduction at Eurobike, are the "Sportive" and the "World Bike." The Sportive is a 26-inch mountain bike while the World Bike features a step-through frame, a basket and other accessories for the commuter. It will be available with 24- and 26-inch wheels.

The TranzX bikes will be positioned in the mid to high price range, approximately 1,700 to 2,000 euros, Pascal said. —Marc Sani

## Bicycle Retailer

Got News? Reach us at:

PUBLISHER **Marc Sani**  
msani@bicycleretailer.com

EDITOR **Megan Tompkins**  
mtompkins@bicycleretailer.com

INTERNATIONAL EDITOR **Nicole Formosa**  
nformosa@bicycleretailer.com

Continued from cover

# Sanfa factory

paints,” said salesperson Jimmy Shaw, adding that U.S. customers in particular have requested it.

The new factory, which will focus on assembly, wheel building, painting and custom fabrication of higher-end bike models, will complement its existing factories.

Sanfa opened its first assembly factory in Taichung 40 years ago. In 1997 it opened a second factory in Guangzhou, China, which offers assembly and alloy and steel frame manufacturing for its clients.

The company hit a road bump in the mid '90s, when it lost its major customer, GT. “When GT went bankrupt the company suffered. That was our main client. Since then we’ve tried to have more clients,” said Shaw.

Sanfa has since diversified, supplying low to high-end bikes for a range of brands including Felt, Trek, Mirra-co, Commencal and Derby, and for the French sporting goods giant, Decathlon.

With the addition of the new factory, Sanfa aims to add more high-end models. The new factory has a capacity of 200,000 units the first year and can grow to 250,000 units annually. Shaw recognizes that it will take time to get there.

“One of the challenges is no one is in a rush to change suppliers. We need time to build relationships,” said Shaw, who went to school at American University in Washington, D.C. and moved back to Taiwan to help develop those relationships. His uncle, Johnny Lee, is an owner of the privately held Taiwanese company. —Megan Tompkins

# Accell Group joins Taiwan's A-Team

This year's A-Team meeting—generally a formal affair with a variety of presentations from key industry leaders—was much simpler. Michael Tseng, A-Team's chairman and president of Merida, told members that it made more sense to shorten the meeting.

It was held in the A-Team's booth on the main floor of the Nangang Convention Center instead of downtown. And there was only one major item on the agenda—the induction of Europe's Accell Group as a sponsor member.

The A-Team, founded almost 10 years ago, was originally a 21-member group with seven sponsor members. Accell's addition is the first new sponsor member since it's founding.

Accell's René Takens and company chief operating officer Jeroen Snijders Block were on hand to accept the honor. “The A-Team will become stronger and will have more international exposure with the eight sponsor members,” Tseng said.

Accell Group is Europe's market leader with production located in The Netherlands, Germany, Finland, France and Hungary. In the U.S. market, Accell owns Seattle Bike Supply. Other key brands include Batavus, Ghost, Redline, Winora and others. —Marc Sani

**COMPLIANCE TESTING**  
**PRODUCT SAFETY • RESEARCH & DEVELOPMENT**  
**QUALITY CONTROL • RECALLS**



ACT Lab is an independent, professional, third-party, CPSC approved and accredited testing laboratory, providing unbiased product evaluation and testing to international standards and safety regulations for bicycles, bicycle accessories, helmets, scooters, children's products and more.

**BE SURE YOUR PRODUCTS ARE SAFE**  
**BE SURE YOUR PRODUCTS ARE COMPLIANT**



**ACT NOW! CONTACT US TODAY.**

**USA:** ACT LAB LLC **CHINA:** Taicang ACT Sporting Goods Testing Co., LTD.

Tel: 1.310.607.0186 • [info@act-lab.com](mailto:info@act-lab.com) • [www.act-lab.com](http://www.act-lab.com)



Continued from cover

# SRAM edge

80 percent of all of its in-house parts inside the factory in a vast machining area. Of the parts that aren't produced by SRAM, 90 percent are sourced in Taiwan. SRAM also makes many of its own machines for its production.

Keeping as much production under its roof as possible is all about price and quality control, said David Zimmeroff, SRAM's global marketing manager during a tour of the factory on Thursday.

SRAM puts a huge focus on quality control and each product is marked with a bar code that allows it to be traced back as far as the raw material stage. Any quality issues can be traced back to the line the product rolled off of and the operator in control.

"That's one of our competitive advantages," Zimmeroff said.

The Taichung factory also includes R&D, testing, painting, anodizing and injection molding operations. Total annual output is about two million cassettes, one million forks, and half-million shifters.

About 30 minutes away, a second smaller factory acquired as part of SRAM's Truvativ purchase in 2004, is dedicated largely to carbon fiber production of cranksets, derailleur cages and shifter levers.

Sheets of carbon fiber are sourced domestically from Taiwan, as well as Japan, and a seven-day supply is stored in industrial-sized walk-in freezers

to prevent the carbon fiber from curing in room temperature.

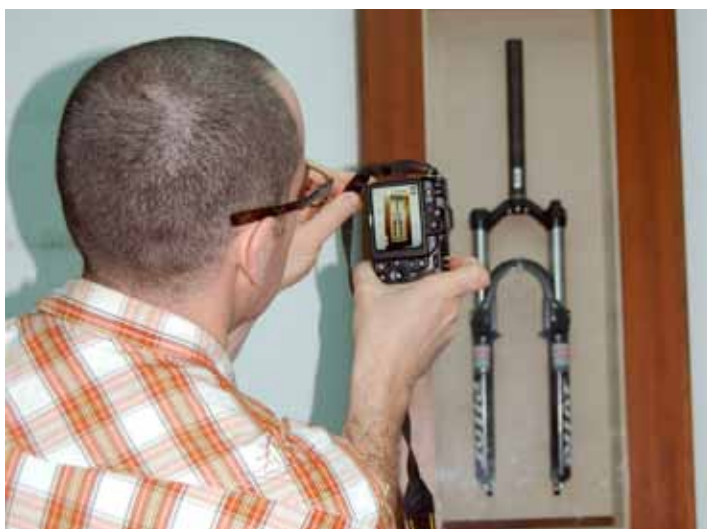
The carbon fiber is cut, then molded into the proper shape before it's heat treated, de-flashed, polished, finished and decaled by women with precise handwork. The factory can churn out about 3,000 aluminum and carbon fiber cranksets daily.

This year, the factory will be taking on production of SRAM carbon fiber wheelsets. Some assembly of internal gear hubs previously made in SRAM's Germany factory will be moved here by the end of the year.

SRAM also has factories in China, Germany and Portugal and offices in Chicago, Colorado Springs, Germany, The Netherlands, Ireland and San Luis Obispo, California, employing 2,500 people worldwide. —Nicole Formosa



Martin Lo, manager of SRAM's Dali factory, steps out of the carbon fiber freezer.



SRAM's David Zimmeroff takes a picture of the first RockShox fork produced in SRAM's Taichung factory in September 2002.



Bjorn Enga, the man behind the Kranked Series, shoots a documentary on the behind-the-scenes aspect of bike production at SRAM.

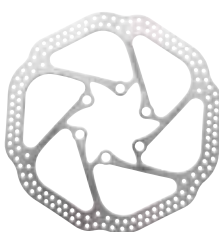


A SRAM cassette before and after.



Brakes that help you fly!

Welcome to the growing family.



[www.avidbike.com](http://www.avidbike.com)

### Introducing the brand new Elixir 9 and Elixir 7.

These new additions both feature the race-proven precision and control of the Elixir line, with our better-than-ever, next generation TaperBore™ technology. It'll be love at first squeeze. Adopt a pair today!

# Snapshots from the Kind Shock party



Martin Hsu, general manager of Kind Shock, welcomes guests to a Taipei dinner party hosted by Kind Shock and Nico at the National Palace Museum.



Everybody was "OK" at Table 13.



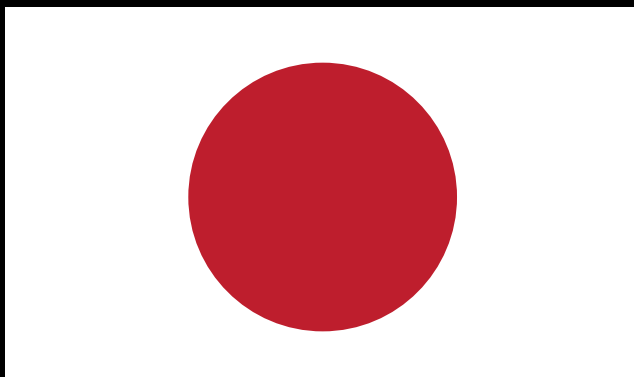
Entertainment at the Kind Shock party.



Steve Parke, Joe Breeze, Pat Cunnane, and Tim Jackson of ASI wear pink ties to celebrate the invitation of Team Geox-TMC to the Giro D'Italia.



Ignacio Estelles, general manager of Rotor, with Pat Cunnane, president of ASI, sign an agreement to sponsor Team Geox-TMC.



**DIAMONDBACK BICYCLES**

WOULD LIKE TO SEND OUR DEEP-  
EST CONDOLENCES TO ALL THOSE  
AFFECTED BY THE RECENT  
EARTHQUAKE AND TSUNAMI.

**YOU ARE IN OUR HEARTS AND THOUGHTS**

**DIAMONDBACK**  
B I C Y C L E S