

The Good, the Bad and the Ugly: Electric Bicycles
By Mike Wolf of Bloomfield Bicycle and Repair Shop, Connecticut
With Mark Lynch

LEVA Introduction

If you're an Independent Bike Dealer and you're considering selling electric bikes, or you're already carrying a few, you'll be interested in Mike Wolf's remarks at LEVA's "IBDs Making Money Selling Electric Bikes" seminar at Interbike 2010.

Mike has been in the bike business since 1955 and worked in his Dad's shop before that. Mike doesn't mince words. He cuts to the chase and tells it like it is. His store is also the top seller of electric bikes in the Northeast and he speaks from experience.

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To begin with, I'm going to share the bad and the ugly and there is a lot of it if you're an independent bike dealer (IBD). I'm not going to sugar coat this: If you can't make it through the bad news, you can skip the rest of the story. Then see if you can stomach the ugly. Make it through all of the bad and the ugly and only then will I give you the good.

The bad: You will need to make a full commitment to electric bikes at all levels of your business.

The ugly: Your experience as an IBD will work against you every step of the way.

I tried it in 1996, and swore I'd never allow another electric bike in my bicycle store ever again! Headaches and complaints followed by more complaints and headaches.

But if you do what I say, and hang in there, the rewards can be terrific. My second time around with electric bikes started in 2004. Now, with 55 years in the bike business, I'm the top IBD seller of ebikes in the Northeast. Which brings us to the good: Ebikes are the perfect niche to add to a successful IBD. I've tried every kind of enhancement, from ski and exercise equipment to skateboards and blades. Nothing has been as financially rewarding as electric bikes.

We'll start with the BAD.

Full commitment is necessary. Halfway is sure to fail. If you can't make the full commitment, don't attempt it. This commitment runs wide and deep through each major area of your business: inventory, parts and service, staff and suppliers. I experienced major headaches with each one.

Inventory: One or two bikes won't work. You have to have a minimum of 10-12

bikes on your floor. Assume \$10,000 – 12,000 investment on inventory alone. Variety is required because the customer will want to get a taste of them all: entry level, middle, and high-end. Right now I have 15 electric bikes on my floor.

Parts and Service: Stocking and keeping in stock electric bike specific parts and accessories is absolutely required for basic customer satisfaction. Ebike customers often rely on their bike for daily transportation. Waiting for parts for a week to 10 days is simply not an option for this customer. Parts and service need to be quick, quick, quick!

Mechanics: Success is deeply dependant on your mechanics. I have a big shop with 9 mechanics. Two of them are dedicated to electric. One came from the computer industry. The attention to detail to relatively minute tolerances he learned with computers translates well to electric repairs, but unnecessarily slows him down when, for instance, assembling a conventional bike.

Sales staff: People work in a bike shop because they love bicycles. For many of them, bikes are all they know... all they want to know. They're not likely to be in love with the idea of an electric bike. You'll have to find new ways to engage your sales staff so they actually want to sell electric bikes.

Suppliers: You have to select your electric bike suppliers with special care. Many suppliers will tell you they *will* have training available for you and your staff. Many say they *will* have parts available after the first of the year or some other date. But if it's not *now* it's not going to help you when that new customer is walking in the door with a problem.

Although a customer might show you some leniency if an accident caused their problem and give you a few days to fix it, God help you if it is a defect you can't resolve immediately. Parts and service training have to be in place before you sell your first electric bike.

In addition to, (*not in place of*), having parts and training in place, being able to ring up and get real time help with a responsive, understanding and capable supplier in an emergency situation will be priceless.

Having a supplier who is able to come through for you, *before and after* the sale is going to save you from being murdered by your customer.

Next, if you're still up for it, the UGLY.

Your experience as an IBD will work against you. This is a whole new field and it will be painfully hard to get up to speed. This is not like adding mountain bikes years ago. What you do and how you do it is completely different than what you may be doing now so you'll have to constantly struggle and rethink in order to get it right.

I know this sounds extreme, but failure to actively address changes to the deeper nooks and crannies of virtually every part of your organization will have the same effect as shooting a hole in your boat. Remember, the electric bike business is completely different than an existing bike business.

Parts inventory and shop organization: In addition to the start-up cost of buying a new parts inventory, you have to organize it much more carefully. First, you have to be really, really careful that you don't mix your ebike parts with conventional parts. Sometimes the visual difference between an ebike part and conventional part is infinitesimal. To even begin to maintain this level of organization, I've learned the hard way to separate electric from conventional and give it its own part of the repair shop.

And, if that weren't enough, ebike parts often (although it's getting better) do not conform to standard UPC procedures. Labeling is very important and you will have to keep good compatibility records. Trust in God, if you must but don't trust your mechanic's memory! This time consuming preparation and organization is essential to be able to respond quickly when a customer needs an ebike repair and needs it now!

Sales staff: It takes twice as long to sell an ebike as a conventional bike. It is a more complex machine and explaining its range of benefits is more involved. For instance, you must be prepared to discuss both the costs involved and the intricacies of its financial benefits. Sound like something your sales staff is chomping at the bit for?

In order to get my sales staff on board, I raised the commission for electric bikes. This, along with having an advocate on staff to help get things rolling, has worked well in helping traditional bike professionals broaden both their view and desire.

Service staff: With electric repair expertise, you will be more dependant on your staff's specialty knowledge, so you have to find additional incentives to keep your electric mechanics through your busy season. At the end of every season, I reward my mechanics out of my own pocket with a special end-of-year bonus. That way, they have extra impetus to stick around until the end of the season.

Training: I know I sound like Ron Popeil from the dark side, but there's more! Whenever you have training, you have to have at least two people learn it- perhaps a mechanic and the owner. If only one person knows a particular part or procedure, and they're off that day, or gone, you're stuck! It's not like conventional bikes where most of the knowledge is universal, or relatively easy to find on the web or through the mechanic's network of friends.

Finally, the GOOD!

A few years ago, over 6,000 independent bicycle dealers were selling and servicing conventional bikes in the United States. Now it's about 4,000 and business is flat. However, one sector of the business is growing: electric assist bicycles.

A typical ebike sale averages \$1200-1600, with accessories a substantial part of that figure. A helmet, lights, fenders, racks and you name it often accompanies the sale of the bike because people who buy electric bikes usually don't have the necessities, even if they once did. Because many of them once owned them, they recognize the need for them.

Because the average ebike buyer is not a conventional bicycle customer, ebikes attract a whole new set of customers. Again, it's not like someone with a road bike who now wants a mountain bike. Instead, it is an entirely new customer. I cannot emphasize this point enough! Electric bikes bring in customers you *never* would have seen otherwise.

And who is that customer? Almost anybody can be an ebike customer. There are as many reasons to have electric assist as there are people in your community.

And, in addition to buying an electric bike from you, this new customer will often come back to you instead of big box stores for subsequent conventional bike sales: Grandpa now wants bikes for the grandkids.

And to help you fix those electric bikes should they need repair? Lots of people are coming out of the computer industry. Older jacks-of-all-trades often know electric and can also work on conventional bikes. Once on staff, you'll find that they can also take on jobs repairing electric wheelchairs and golf carts. Furthermore, most electric bike repairs are bike problems and not electric problems!

And where to put those clearly marked electric bike parts you'll organize and store separately? With so many businesses going under, it's easy to find affordable cabinets.

And that illustrates perhaps the most salient point: Good, bad or ugly, you either adapt and develop your IBD as a business or, eventually, you end up going out of business and selling your fixtures.

In conclusion, I've tried to keep this focused on the 'make or break' elements of selling ebikes. I could talk about many issues that have an impact, like the importance of offering financing, tracking ebike activity separately in your accounting procedures and other things. But I want you to be aware of the most important 'do or die' elements that will help determine sure failure or a decent chance at success selling and servicing ebikes.

So, if you decide to go for it, do what I say, (and have done), and hang in there!

And one more thing: If you do go for it, I strongly suggest you join the Light Electric Vehicle Association. They know what other dealers like me have done, so when a problem hits you in the face, you'll have the experience of many dealers to help guide you! If you want to talk to me about selling electric bikes you can reach me at Bloomfield Bikes at 1-860-242-9884.