

Pedal Pushers



The Trek Bicycle Corporation is making the world a better place, one ride at a time. By Nicole Resnick

When weather conditions allow, the back roads leading into rural Waterloo, Wis., are dotted with cyclists during morning rush hour. Located about 25 miles east of Madison, Waterloo is a challenging distance for commuters who prefer to pedal to work.

For those not quite as motivated to brave the daily commute by bike, there's always the alternative—throw the bike on the rack and drive it in, then partake in a daily lunchtime ride. During summer, as many as 150 professionals leave their desks and forgo a long lunch to ride Waterloo's back roads.

Who are these people, and why are they biking around this rural town? The answer lies in the center of Waterloo, in the enormous 230,000-square-foot facility that is headquarters to the Trek Bicycle Corporation.

The largest bicycle manufacturing company in the nation, Trek builds bikes for tykes still on training wheels as well

as kids and adults of all experience levels. Trek bikes cover the entire spectrum, from rugged BMXs and powerful mountain bikes to high-end, sophisticated road bikes geared toward speed and performance.

Those particular qualities are why pro riders, like Lance Armstrong, work with Trek to develop better machines each year—and ride them to victory in well-known international races.

But, Trek was doing fine before it signed deals with guys like Armstrong. Soon after the company was established in 1976, sales took off. Trek now generates \$600 million in annual revenue.

With more than 1,600 employees worldwide, the company distributes bikes in 65 countries and continues to expand its global operations.



T

he story behind Trek is what you might expect from a company founded in a state more known for its cows, cheese and Green Bay Packers than bicycles. The first Trek bike was manufactured in a red barn in Waterloo, and Trek remains a family business through and through. Founder and chairman Richard Burke tapped his son, John, as president and CEO 10 years ago; the rise of Trek since then has been meteoric.

Thirty years in the business provided the Burke family with plenty of challenges. At times, business resembled a bumpy stretch of the Tour de France, plagued by difficulties. Throughout it all, father and son continued to focus on the same key principles: people and product.

The people—both customers and employees—are critical. John recalls learning that lesson as soon as he joined the family business fresh out of college. With a BA in business administration from Boston University, he first took a position in sales.

While it was a good time to get his feet wet—Trek was at its peak and earning \$20 million annually—it was also a period marked by deteriorating relationships with its retailers.

“The company didn’t like retailers, and its retailers didn’t like the company, so the whole thing kind of crashed around 1985,” John says. “But that provided a great education for me—being out in the field and watching the company that my family owned fall apart.”

Senior Burke fired the management team and asked John to move back to Wisconsin to run Trek’s customer service department. Once there, he quickly learned the value of maintaining relationships with retailers. The key, he realized, is to remain humble and spend as much time as possible talking to customers.

And then, there’s his strategy for dealing with the everyday ups and downs of his job, and keeping it all in perspective while putting out fires.

“In a business, you’ve got problems to deal with all day long—whether it’s a new move by a competitor or problems with a customer—but as bad



John Burke, Trek’s president and CEO

5 John Burke’s Favorite Places to Ride a Bike



Kokopelli Trail in Colorado

TREK 100 RIDE IN MILWAUKEE

“This is the best charity ride in the country.”

WASHINGTON, D.C.—ALL OF IT

“The best way to see Washington is by bike. The monuments are too far away from each other to walk and too close with too little parking to

THE DR. PAUL DUDLEY WHITE TRAIL IN BOSTON

“This is one of the first bike trails in the nation.”

THE IRONMAN WISCONSIN ROUTE IN MADISON

“I’ve done the Ironman twice in Madison, and I absolutely love the bike route. There are a lot of rolling hills and a couple of great climbs.”

THE KOKOPELLI MOUNTAIN BIKE TRAIL STARTING IN GRAND JUNCTION, COLO.

“It’s epic, and the views are magnificent.”

AD



as things might seem, you can never give up," he says.

John was inspired by Jim Collins' business book, *Good to Great: Why Some Companies Make the Leap...And Others Don't*, which researched 11 companies and discovered how they went from good to great. One such reason is "The Stockdale Paradox." Adm. James Stockdale, shot down during the Vietnam War, survived almost eight years of imprisonment while many of his fellow American prisoners died. He claims to have survived by "retaining faith that he would prevail in the end, regardless of the difficulties." What distinguishes Stockdale's strategy from simple optimism is that it also requires "confronting the most brutal facts of your current reality, whatever

The company pulled to the front of the pack when it introduced the first carbon frame bikes.

they might be." This message strongly resonated with John, and he has done pretty well following its philosophy.

The other part of the people-equation, as far as John is concerned, is his colleagues. "If you take a look at our employees, it explains a lot," he says. In every key position, including company CFO, head of product development and director of marketing, there is a stable and loyal employee who has clocked an average 20 years at Trek. "They're people who love the company and do a great job. They've stayed with us, and that has been a real positive," John says.

Ask employees what makes them so happy, and they describe the unique company culture the Burkes have created—one that is built on promoting the health and well-being of its employees, as well as the environment (it is a bicycle business we're talking about, after all). This translates to not only providing incentives for employees to bike or walk to work, but to carpool as well. Mark Joslyn, Trek's director of human resources, says that as many as 100 employees carpool each week, and the company has dedicated 20 "prime" parking spots for them.

During spring and summer, an average of 50 employees benefit from the company's weekly bike commuting credit. Perks include secure storage for bikes, lockers, showers and a park-and-ride option from one of Trek's Madison retail stores. The "super-casual dress code" makes biking to work more appealing since employees don't have to pedal with a garment bag in tow.

Roger Gierhart, Trek's director of forecasting and strategic planning, and one of the dedicated Madison bike commuters, finds Trek to be an inspirational company. "If corporate culture breeds loyalty to the company, then you're making smart decisions," he says. "And while instilling this loyalty, you're creating a positive work environment for all the employees."

The credit, received by those employees who support the company's green approach to business, is applied toward purchases of Trek's cutting-edge products—highly coveted items even for those who work at Trek.

While the Trek name has almost always been synonymous with quality, the company pulled to the front of the pack when it introduced the first carbon frame bikes. The development of the Optimum Compaction Low Void carbon fiber lamination process in 1992 allowed Trek to manufacture the lightest frame in the world.

Trek subscribes to a philanthropic vision, which John credits his parents with instilling in his entire family. The company is a major sponsor of organizations such as World Bicycling Relief, the Boys and Girls Club of Dane County, and the MACC Fund, which is devoted to pediatric cancer research. Through charity bike rides, the company raises money and drives home the message that it is doing its part to make a difference.

"One of our biggest pushes is to show what the bicycle can do for the country and the world," John says. "The bicycle is really an interesting invention, and if you take a look at some of the critical situations here in the U.S.—obesity, transportation and pollution—the bike can be an important solution." ■