SRAM

25TH ANNIVERSARY


SUBARU
GRIP SHIFT
Ghost
HUFFY

THE EARLY DAYS

Recalling one's history is tough—especially when you didn't take notes while living it. For this 25th-year milestone book, we dutifully tried to go back and reconstruct our story, but you would probably rather scrub spokes with a toothbrush than read everything we accumulated. So from that effort, we have patched together a narrative that is neither balanced nor complete. But what is here is true. Apologies to characters and events that did not make it into the spotlight. We hope it's short enough that you will read it, and that somewhere in there is a memory that makes you chuckle. We hope you find here the story of an exciting team that has only started its journey.

The Day Brothers

Stanley Ray Day Jr. was born in 1958 in the formerly great manufacturing city of Detroit, the second child born to Lynn and Stan Day. Stan Sr. was president of Aluminum Alloys, a firm founded by his father, Ray. Ray had risen from being the proprietor of a bicycle and motorcycle shop in Seattle in the early 1900s to building a specialty supplier of parts to the automotive and defense industries. Stan Sr. focused on the operations and sales, and Ray focused on the engineering and innovation.

Stan Jr. had a big sister, Vivian, and just about a year after he was born, his parents had a second son, Frederick King Day; everyone called him F.K. And Lynn gave birth to the family's third son, Lincoln, in 1964. But while their family grew, Detroit's embrace of inflexible and costly union labor began putting pressure on small and midsize parts manufacturers like Aluminum Alloys. Stan Sr. and Ray weighed their options, and in 1967, they chose to sell their firm. At age 42, Stan Sr. became a private investor with more time to spend with his family.

After investing in several businesses, Stan Sr. took a job as president of Champion Home Builders, a maker of manufactured housing and recreational vehicles. He would become chief executive and chairman before he retired in 1992. By then Champion was one of the biggest mobile-home builders in the U.S.

Stan Sr. respected the rhythms, disciplines, and strategies of business and shared his enthusiasm with his children. Both Stan and F.K. recall their father telling stories about sorting out challenges at Champion

the way other fathers would talk about baseball or hunting. "We'd talk about business a ton and the Detroit Tigers or Lions a little," says Stan.

"There was one conversation around our dinner table," says F.K. "It was always about business."

There was a recurring theme to most of Stan Sr.'s stories: The customer was king. "My dad would always say that," says F.K. "He would preach that you should find ways to serve your customers' needs—to do it faster, better, at a higher level of quality and a lower cost than anybody else."

In 1972, Stan Jr. headed to the Hotchkiss School, a boarding school in Connecticut. Stan liked the additional responsibility that was part of the experience. He enjoyed some subjects, like math, and was less interested in others. He played junior varsity tennis, but preferred the low-pressure club-sports scene to the strict regimen and performance requirements of varsity athletics.

F.K. followed Stan to Hotchkiss for a year, but the old-school atmosphere grated on him. He moved on to South Kent School, a boys' college prep academy west of Hartford, Conn. The school emphasized, and still does, "simplicity of life, directness of purpose, and self-reliance."

"Those values resonated with me," says F.K. Though he still struggled with academics, finishing nearly last in his class, he made up for it with his magnetic personality and athletic competiveness. He became class president and a captain of the football and lacrosse teams. "They would have been more embarrassed not to graduate me than I would have been," he says.

Finding the Original Six

In 1976, Stan was accepted to Tulane University. He arrived in New Orleans in late August, two weeks before classes began, for orientation and fraternity rush. At a mixer for Sigma Nu, Stan struck up a conversation with a fellow future pledge, Scott King, who had come to Tulane on a full swimming scholarship.

"Stan was just one of those likeable, fun-loving guys who'd talk to anybody," says Scott. "He always had a smile on his face." Also, Stan had shown up to school with something most of his freshman buddies didn't have: dependable transportation. "He had a blue Econoline van, and we'd all pile in there and head downtown to the bars."

Stan graduated in 1980 and took a job selling acoustical ceiling systems for Conwed. The sales territory was in Texas from Austin south; Stan lived in San Antonio. He recalls his constructive sales training as "being a Yankee trying to convince good-old-boy contractors to take a truckload of his ceiling tiles."

What made the job slightly easier was getting specifications listed on architectural drawings. "I'd sit with the architects and help them spec out the ceilings," says Stan. "When the building moved to the construction phase later, it would be our ceiling system on the drawing. I'd still have to complete the deal with the contractor, but as long as we were on the drawings, I had an advantage."

A year after Stan graduated from Tulane, F.K. enrolled there as well, having taken a couple years off after South Kent. But once again, the younger Day brother found himself at odds with traditional classroom instruction. "F.K. never had a lot of patience for teachers who didn't want to teach, or teachers who didn't have any enthusiasm," says Stan. "He's a self-taught guy, not a school-taught guy."

In 1982, Stan returned to the classroom, entering Northwestern University's Kellogg School of Management in the Chicago suburb of Evanston. There he was influenced by two of his favorite professors, Carl Noble and Al Rappaport.

Noble and Rappaport were focused on building shareholder value by maximizing cash flow. To support their philosophy, they had designed very detailed, and for the time advanced, discounted-cash-flow modeling software. Their consultancy, Alcar Group, sold spreadsheets for creating shareholder value to thousands of investors and business managers. Rappaport's 1986 book, *Creating Shareholder Value: A Guide for Managers and Investors*, would become a best seller.

Curious about a career in finance, Stan took a summer internship in San Francisco at the investment bank Montgomery Securities. "The work was challenging and interesting, but it was hard for me to see the real product," says Stan. "The most tangible task I was given was to draft research reports. I rotated into trading, which was fairly mechanical. Then I worked in the investment banking section, and they were trying to create deals. I didn't understand the daily work of relationship-building, and hypothesizing mergers and acquisitions for other people was not something I enjoyed."

Stan's summer in San Francisco did check his "California box"—and increased his appreciation for Chicago, at least in the warm months. When he graduated from Northwestern the following summer and took a job in the suburb of Lisle, he dismissed the idea of living there. Though it would cost him two hours a day of commuting, he opted to live in the heart of Chicago, renting an apartment in Lincoln Park with a view of the lake and the sunrise.

The job in Lisle came out of an introduction by Carl Noble. "I like the high-tech industry, and I want to make something real," he told Noble. The professor gave him the name and number of an Alcar Group client, John Krehbiel, president of Molex. After some interviews, the head of the data division offered Stan a job as a marketing manager for the personal computer industry. "I was thrilled, but I thought I was going off to Europe that summer with my family as a business school graduation celebration," says Stan. "Then Molex says: We need you to start now." The rest of the family made the trip, and thanked him for the excuse to celebrate.

Stan started the job at a sales conference in San Diego. He'd missed orientation, and the event was already in full swing. Looking around the hotel

bar on his first evening, he saw lots of new coworkers. As he sipped his beer, he felt like an outsider. But then, he met 27-year-old Molex salesman Michael D. Mercuri. Mercuri explained that he himself had been at Molex for just a couple weeks, and the two quickly discovered that they were living blocks from each other in Lincoln Park. "He kinda took me under his wing," says Stan.

Soon, as in high school and around his childhood home, Mercuri became known as Merc. He was a hot salesman. Before arriving at Molex, he'd spent two years selling steel to factories in a down market. He'd come to Molex shortly after being let go during a wave of steel-industry layoffs in 1982.

Along with the rest of the electronics industry, Molex was on the rise. The great personal-computer gold rush was on. Molex's largest customer, IBM, had introduced its seminal 5150 personal computer in 1981; Compaq had started shipping its orange-screen portables, which barely fit in an overhead airplane luggage bin. And soon, companies from Hewlett-Packard and Texas Instruments to bootstrapping entrepreneurs like Steve Jobs, Steve Wozniak, Gateway's Ted Waitt, and Michael Dell were on their heels.

Every PC needed the same things: operating software, microprocessor chips, a few circuit boards, several yards of wire, and a slew of tiny electrical connectors to tie everything together. Molex didn't have anything like the dominance that Microsoft would have on PC operating systems, but it held a solid position in the connector business and was in front of a big wave. "Molex had seven competitors, and everybody was growing 30 percent a year with their eyes closed," says Merc.

As Stan soon discovered, Molex's salesmen operated much as he had when he was selling ceiling systems in Texas: They fought to persuade the product engineers designing next year's PCs to spec Molex connectors in their drawings. That would boost Molex's chances of being named the supplier during the production phase.

The other dynamic was the demand for innovation. Product designers at Apple or IBM or Compaq would hand Stan or Merc a list of specs for a technologically advanced connector that they desperately wanted but that didn't exist. Stan would head over to the Molex engineering department with the customer requirements, knowing that if Molex could somehow design, tool, and produce it, he could lock down the order. But with the market growing so fast, Molex engineers were way overdeployed. They would frequently say they didn't have the resources to tackle a custom project, and if they said yes, the design and tooling time to get to production was often beyond the customer's deadline.

"The biggest problem we had was the time it took mold makers to actually cut a mold" for a new part, Stan says. "It would take 90 to 120 days for a single cavity mold." Add design, testing, and assembly, and the lead time for a new connector could be a year or more.

Stan was intrigued when Merc said he'd found a new industry segment for Molex to go after: telecommunications. He had nailed a few sales of connectors to small telecom-equipment makers, like U.S. Robotics, which was designing dial-up modems with pulse or tone capabilities and revenues of less than $3 million a year. Modems were just starting to become a hot item. Stan and Merc thought Molex could get a jump on its competitors if they were allowed to focus on the telecom-equipment makers. Molex agreed, and allowed them to pick a third person to form a focused team. They picked Jeff Shupe.

"If Merc was absolutely the best sales guy I had ever encountered in my entire life," says Stan, "the best get-it-done guy I had ever met in my life was Jeff."

A former wrestler and Notre Dame engineering grad, Jeff found the frenetic pace at Molex suited him. Stan noted his energy, speed, and multitasking capabilities and recognized that the hard-charging engineer would be an ideal addition to their newly formed telecom-products effort.

Though Stan didn't know it at the time, in about a year he would be out of Molex. He would be asking his brother F.K., Scott, Merc, and Jeff—as well as one other person he had not yet met—to help him start a company that had absolutely nothing to do with personal computers or telecommunications.

Conceiving Grip Shift

"The idea that led to Grip Shift," says Stan, "came to me in 1986 as I rode my bike over Chicago's pothole-littered streets while training for a triathlon. Scott King and a few others had joined me for a snowshoe race in the Upper Peninsula of Michigan. As retaliation, Scott got us to sign up for a triathlon.

"Though the training was tough, I found it was a welcome relief from the high-pressure atmosphere at Molex. But months into the program of swimming, running, and cycling, I found I was still challenged to shift gears on the bike.

"I was out there several times a week, surrounded by taxis, buses, crazy drivers, wind, and potholes. I was trying to hold my cadence at the textbook-prescribed 90 rpm, and in those conditions, I had to shift frequently. That meant taking a hand off the handlebar, finding the shift lever on the downtube, and working it into the next gear.

"I'd be tired after a bunch of miles and thinking I could crash doing one of these shifts. I started imagining that it would be a whole lot easier and a whole lot safer to use a twist shifter at the end of the handlebar. I thought it was common sense.

"Later, I went on a cycling trip to Cape Breton, and that reinforced the feeling I had. I went with two cousins, Nicole and Greg Piasecki. I'm going up and down hills with cars whizzing by. I wanted to stay on the shoulder. I didn't want to look down to shift. If I had been a great biker, I wouldn't have needed it. But I wasn't a great biker, and I wasn't comfortable out there. So the idea of a twist shifter percolated as an opportunity."

"When Stan came back, he was telling me about rough roads, heavily packed bikes, and high winds, and then having to shift his gears from the down tube," says F.K. "He had a great time with our cousins, but a tough time staying in the right gear. He said that we had to figure out how to put the shifters on the

handlebars. I'm not even sure that he had thought so far as to have them twist or not, but he was dedicated to figuring out how to shift from the handlebars."

In February 1987, Stan left Molex to work with his father in an attempt to purchase a division of Champion. Unfortunately—or fortunately, as it turns out—Champion's board rejected the bid. "All of a sudden," says Stan, "I was out of a job." It was time to go skiing. Stan headed to Park City, Utah, with a classmate from Kellogg, Art Patterson. In Park City, Stan met Art's older brother, Sam.

Sam Harwell Patterson was an American original: six foot seven, with a Southern California tan and leading-man looks. And the guy exuded genius. An engineer by training, he was working as a designer at a diesel-fuel injection motor company in San Diego. Stan was impressed by Sam's encyclopedic knowledge of engineering problems and solutions. "He was a brilliant engineer," Stan says.

On the chairlift between runs, talk turned to entrepreneurial ideas. "I had three concepts baking in my mind—things that I thought had business potential," says Stan.

First, Stan described the problems Molex had with the lead times required to create molds for any new plastic part. "If we could shrink that from 120 days to 30 days, it was clear that that time would be competitively valuable," Stan explained. Sam confessed bluntly that he didn't know anything about plastic molds.

They skied a few runs, rode the chair some more, and Stan moved on to bicycles. "Can you make a continuously variable transmission for a bike?" Stan asked Sam. "Stan, you don't know a lot about this," Sam replied, "but I'll tell you that every class at MIT for the last 50 years has been working on that problem. They haven't figured it out."

Then Stan asked about shifters. "What if we just moved the shifting from the down tube up to the ends of the drop handlebars? What if we had something that twisted?" Stan asked.

"Oh, that's just pulling and releasing cable by twisting," Sam replied as he stood up from the chair and skated down the ramp. "I can design that."

The pair explored the idea further after the ski vacation. Within several weeks, they had a plan. Sam would create a prototype twist shifter, after hours in his home workshop in San Diego. Stan, back in Chicago, would start researching the bicycle industry. When Sam finished his prototype, Stan would fly out to San Diego to test ride.

What Stan discovered as he looked into bikes was encouraging. The movie *Breaking Away* and U.S. cyclist Greg LeMond's Tour de France win had boosted interest in cycling in the States. Americans were spending $1.6 billion a year on bikes and another $1 billion on parts and accessories. Big companies like Schwinn, Trek, Huffy, Murray, and Roadmaster were all based within a 300-mile radius of Chicago. Shimano, the biggest maker of cycling components in the world, had introduced the first dependable system of gear indexing, called SIS, in 1984. The system allowed a cyclist to snap cleanly from one gear to the next without any fine-tuning of the shift levers. But so far nobody had produced an ergonomic, indexing shifter that easily allowed a rider to change gears without removing his hands from his handlebars.

Stan's research showed that there were 41 million bicycles in the U.S.—if not being actively ridden, at least hanging in the garage. And if you could get just 10 percent of them to convert...

In May, Sam reported that he had a prototype to test. Stan flew out to San Diego and took it for a ride. "It was perfect," Stan says. "It performed exactly the function that I was thinking about riding the chairlift with Sam." Sam, though, was far from satisfied. The mechanism was a crude worm-screw device with a ball-and-detent mechanism and what Sam described as too much "stiction." "Over the years," Stan explains, "we would learn some new terms representing mechanical functions that Sam hated. Stiction was one of them, entropy was another. Sam did love simplicity, and he told me that now that he had confirmed what I was looking for, he would do some more prototyping."

By mid-June, Sam had created a prototype he was happy with. It relied on a simple helical cam that managed the cable through a very precise and complex motion. As a rider twisted the outer grip, the mechanism moved backward and forward, working the cam face against a fixed stud that went through the handlebar, thereby pulling and releasing cable. Sam had designed the peaks of the helical cam to optimize overtravel to ensure a smooth, clean shift.

"It was genius," says Stan. Shimano's SIS shifters contained 27 carefully honed alloy parts. Sam's new design boiled down to three pieces of plastic, a small metal cylinder, and a custom handlebar. Stan guessed the shifter would cost $14 to produce.

In the beginning of August 1987, Stan printed out a report titled "Twist Shift Business Plan." To the 41 million folks already riding bikes, Stan aimed to sell his shifter as an upgrade, offering it to dealers for $50 wholesale and directly to cyclists for $85. For bicycle manufacturers willing to spec it on their newest models, he'd sell for $20 per unit. Estimated 1988 sales: 100,000 units, or 0.2 percent of the market. "In basketball terms, it was a layup," he says. It seemed to Stan a very conservative market-share target for something so innovative. And when he figured the cash-flow calculation with Alcar's software, it was clearly a winner—he had the spreadsheet to prove it.

Stan began showing the prototype and business plan to his family and friends. Within another two months, the team was assembled. Sam would leave his safe job in San Diego and move to Chicago as head of engineering. Not many people move from San Diego to Chicago. Scott, who had helped start two small companies in Saint Louis after graduating from law school at the University of Tulsa in 1983, became director of finance and administration. Jeff would leave his safe job at Molex and head up manufacturing. Merc, who had left Molex to take a secure job at Gateway, would join as head of original-equipment-manufacturer sales. F.K. shelved an entrepreneurial project related to advanced composites. Everybody agreed to the same modest starting salary: $36,000, enough to cover rent, food, and beer. And they were off and running.

The Launch

"Thankfully, we didn't really know anything about the bicycle industry," F.K. likes to say. "Otherwise, we might never have started SRAM."

The plan was for the new company to unveil its revolutionary twist shifter in Long Beach, Calif., in January 1988, at the biggest cycling trade show in the U.S. that year.

The product name came from Chicago consultant Bob Lavin, of Herbst LaZar Bell, who argued that the moniker should echo the function: Grip Shift. But coming up with a great name for the company was harder. An early favorite, Cadence Control, was abandoned because it was already trademarked. Ollo was briefly accepted, then rejected—another suggestion from Lavin, who argued that you could tilt the Ls and come up with a nice bike-related graphic logo. Among the dozens of other rejected names were Purejoy, RayCycle, and Patterson/Day.

But the registration deadline for the trade show was approaching, and the team needed a name. Stan cut out initials and fragments of the names of the founding crew and mashed them around. He picked an S from Scott King. Then he picked the R from his own middle name. He put those onto the last half of Sam—"poetic license," says Stan. Scott Ray Sam: SRAM. Scott objected, saying it sounded confusingly Japanese, but Sam and the others took to it, and SRAM they became.

The name turned out to be more slippery than anybody imagined. Almost immediately, it was mispronounced as "shram." Then, when Stan and the others arrived in Long Beach on January 9, they discovered that the event staff had misspelled it both on their nametags and in the show catalog. "Far be it from us to take that as an omen," says F.K. "We were welcomed to the industry as SCRAM."

Still, after months of planning and work, everybody was excited for the product launch. They had a 10-by-30-foot booth with a huge Grip Shift image on a black background behind them. There were three low-tech bike stands with bikes for demonstrations. Jeff had the best move; he would twirl the crankset with his forefinger and ask visitors to try shifting the gears. They'd enlisted friends as extra part-time salespeople. To save money, F.K. and Scott had driven the Day family motor home loaded with the tradeshow-booth gear all the way to California in a nonstop tag-team run. It was now anchored just outside the convention hall, in a great parking spot, where they planned to let visiting manufacturers and designers test bikes equipped with Grip Shift.

But as the show opened, the dozen product managers the group had hoped would run over to the Grip Shift booth were nowhere to be found. "I think only a couple of those guys came by," says Merc. Bill Ropp, head product designer for Huffy, was one. Schwinn's Brad Hughes was another. Both were polite, but neither made SRAM an offer. "We had to hunt down the rest," says Merc.

"We had this secret invention that we thought would revolutionize the bike market," says F.K. "But when we threw the parade, nobody showed up." When Merc and F.K. did drag a couple more product managers back to the Grip Shift booth, they politely shrugged, just as Hughes and Ropp had. "We thought everybody would love it," says F.K. "Instead it was: 'Oh. Really?'"

The one bicycle designer who seemed to take the most interest didn't sell road bikes at all: Gary Fisher. "He gave Stan about 45 or 50 minutes," recalls Merc. Stan pitched Fisher enthusiastically, though he had only a vague idea who the man was. "Here was the father of mountain biking but, you know, mountain biking was like two weeks old," says Merc. When Fisher asked if Stan had any plans to produce a version of Grip Shift for mountain bikes, Stan said the plan was for road bikes and that he was sticking to it. He was focused on finding manufacturers and bike brands that wanted the Grip Shift he and Sam had already developed.

But three days later, as the team dismantled the booth, Stan was concerned. SRAM hadn't inked many orders. F.K. thought perhaps the company should be working on what was hot—like mountain bikes. The team had walked through the convention hall for hours, and it was clear the industry's high-end brands weren't much interested in road bikes like the one Greg LeMond had ridden in the Tour de France. They were pouring their energy and their slim research budgets into new categories of bikes, suitable for riding over mountains or winning triathlons.

What was even more unsettling was what they had heard from a couple of the product managers who had come to the Grip Shift booth: Shimano won't let you do this. It hadn't occurred to Stan that SRAM would need to ask for permission to sell Grip Shift. In fact, Stan had imagined that Shimano, being the most innovative of the three, might welcome them as an ally in the effort to move cyclists over to indexed shifting. They hadn't yet experienced Shimano, Suntour, and Campagnolo selling their gear as a *gruppo*: no substitutions allowed.

When the team returned to Chicago, SRAM focused on the aftermarket. Everybody got in a car and set off around the country trying to sell triangle-shaped boxes containing both the Grip Shift components and a handlebar to put them on. "We'd go to big bike shops and meet guys like Jim Hoyt at Richardson's in Dallas," says Stan. The package—decorated with a Grip Shift logo and a glossy photo of Merc in a black leotard riding a bike with Grip Shift on the bars—was flimsy. "You touched it and it fell apart," says Jeff. It also took up a lot of retail space for what it was.

The minimum order for Grip Shift was supposed to be 12 per dealer. Stan and the others found themselves thanking dealers for taking as few as four. "F.K. was the only one of us that could really sell a 12-pack," says Merc. "And even he could only sell one 12-pack, because it would take up so much room in the shops they wouldn't buy any more."

"Dealers would tell us we were idiots," says F.K. "They'd say: Don't you realize how important it is for a cyclist to pick his own handlebars?" F.K. would answer that in fact, he hadn't realized it. At that moment, pallets of hard-anodized, 40-cm-wide, extra-long drilled and slotted handlebars represented more than

50 percent of SRAM's assets.

And yet Grip Shift itself was appealing. Again and again, riders would try the shifters and say they liked them. "It was the one thing that kept us in the game," says Stan. "When we would show it to consumers, they would like it."

The team decided to give up control over the bearing surface, and Sam designed an easy to use drilling-and-slotting template that could be used on cyclists' existing handlebars. "Battery-powered Makita drills had recently come onto the market. We bought several, along with extra batteries, two sizes of drill bits, and soon a reamer tool," says Stan. F.K., Merc, and the others started spending every weekend at a different bike race, installing Grip Shift on the bikes of racers who were willing to try them. For the top racers, they didn't even charge for the shifters, betting that if fans saw the winners riding Grip Shift, they would be motivated to buy.

Keen to get Grip Shift onto a bicycle headed for the Olympics the following year, Merc contacted the U.S. Olympic Committee in Colorado Springs. They cut a deal to put Grip Shift on bikes that some of their riders would take to the Tour of Texas, a series of races from Corpus Christi to Austin where promising future professional riders battled to earn their bona fides.

The more they saw their shifters at work in the field, the more confident F.K. and Merc became. "The mechanism was great," says F.K., and Grip Shift worked especially well with Shimano's entire line of indexed gear-shifting systems. "The shifter just pulled and released cable very simply and precisely. Their derailleur didn't care what was doing the pulling, and it really liked the way our helical cam was doing it."

One of the riders Merc met through the USOC was a relatively unknown Olympic hopeful named Bob Mionske. A former dirt-bike racer from Wilmont, Wis., Mionske was used to controlling power from his handlebars. He thought Grip Shift might come in handy during criteriums and sprint finishes, so he agreed to install it on his bike. A few months later, he surprised the SRAM team, his coaches, and his rivals by placing in the national Olympic qualifiers. He was one of the three American cyclists who would ride in the men's Olympic road race in Seoul. Mionske told his components sponsor, Campagnolo, that he'd be taking Grip Shift to the Olympics with him.

But throughout the summer, Stan and the others continued to hear the same thing from bike people: Shimano wouldn't allow bike manufacturers to break up their component groups, and this meant they couldn't specify Grip Shift as original equipment.

The most obvious barrier was Shimano's price list. It had two columns. One showed the price for a manufacturer to purchase "series components," which meant a full group. The second column showed pricing for "non-series," or anything less than a full group. The second column had a 10 percent markup that translated to $20 to $100 per bike.

"If you ran the math," says Stan, "it was better for the customer who wanted to use Grip Shift to buy the whole group and throw away the Shimano shifters than to tell Shimano not to ship the shifters. In any case, the pricing dynamic was a non-starter."

The Olympics

On Monday, September 26, 1988, the Olympics were being broadcast from Seoul. There was a sense that SRAM's fate was literally in the hands of Bob Mionske. Nobody was picking the rookie from Wisconsin to take the gold. But sales of Grip Shift were so modest that as long as Mionske finished with the pack, it would be a marketing boost.

In a frustrating surprise, NBC preempted coverage of the cycling race to carry breaking news: The world's fastest sprinter, Canadian Ben Johnson, had tested positive for steroids. Johnson, who had outkicked his fiercest rival, Carl Lewis, three days earlier in world-record time, would be stripped of his gold medal. Cycling fans could count the annual number of hours of television coverage devoted to their sport on one hand. Now the Johnson mess was knocking the entire men's Olympic road cycling competition off NBC's telecast.

But when NBC finally turned back to the race, the biggest story was Mionske. Not only was SRAM's man still in the race, he was in a big lead breakaway—in contention for a medal.

Mionske had gotten into the break with less than 20 minutes to go. "I saw somebody go out on the right side of the road," he says. "I caught a wheel, and it was just a perfect alignment. He was catching a guy in front of him, then another. Then we had a group of nine. It was disorganized. Everybody wanted to get the break going, but nobody wanted to put their own nose in the wind."

Within that group, Mionske appeared to be seriously outgunned. Among his 10 rivals were Olaf Ludwig of East Germany and Bernd Groene and Christian Henn of West Germany. And from the Soviet Union, there was Djamolidine Abdoujaparov of Uzbekistan. "Abdou" was a pack-sprint specialist—and dangerous. His style of racing for the finish was so erratic that, years later, his Tour de France rivals would dub him the Tashkent Terror.

Shortly after NBC's coverage began, Groene and Ludwig attacked and gapped the break. Rather than try to join them, Mionske and the others made a quick calculation to sacrifice the gold and silver and focus on the coming sprint for the bronze. There were less than five minutes left in the race.

Mionske had a strategy. He knew he wasn't a bad sprinter. He also knew that the others in the break didn't know that. Abdoujaparov, Henn, and the other Europeans would be watching each other near the end, not him. So Mionske allowed himself to fall to the back. He'd leave the pulling to the others and conserve his strength for the last 100 yards.

Ludwig and Groene were up by 15 seconds now—unreachable. But the main pack was still a possible threat, just 10 seconds behind the break. Sensing their precarious position, some of the riders in Mionske's group with the weakest

sprinting skills attempted to charge away from the others. They were quickly chased down. Mionske spun along behind the action, trying to give the lactic acid in his legs time to drain, his muscles a chance to recover some snap.

Of course, for the SRAM team watching on TV, Mionske was out of the picture. The cameras were following the two Germans at the front of the race. Ludwig, the brick-shaped East German, sprinted past Groene to win the gold medal. The shot lingered on him as he cruised into the finishing area with his arms aloft.

Then the cameras turned back towards the bronze-medal group. Forty yards from the line, a rider in a bright red jersey seemed to be in perfect position for the win. Not surprisingly, it was the Uzbek sprinter, a future winner of the green jersey in the Tour de France, charging madly for the line.

There were two men moving to either side of Abdoujaparov, desperately trying to overtake him.

To the Uzbek's left was Henn.

The other sprinter was far out to Abdou's right, wearing a dark blue jersey with white stars and red stripes. It was Bob Mionske.

The finish required a photo review. The photo showed that Mionske beat Abdoujaparov by a half wheel. But it also showed that Mionske himself was beaten by Henn, by a tire width.

"It was unbelievable that we were there at all," recalls Merc. "Then he comes so close to a medal, and there was such a letdown that he missed it by an inch. But the minute we woke up the next day, it was so obvious: Look at what Bob has given us to promote with. We can create a whole campaign around this."

By October the group knew that SRAM would not sell the 100,000 units projected in Stan's original business plan. It wouldn't even sell 10,000. There were still pallets of handlebars sitting in a far corner of SRAM's headquarters. They would likely never be used. The final tally was about 800 systems. And over the years, dealers would insist SRAM credit back many of those shifters before they would take new product inventory. It wasn't the most accurate business plan an MBA had ever written.

Yet, the group was confident that Grip Shift worked. A few weeks after Mionske made his heroic Olympic push, triathlete Scott Molina won Hawaii's Ironman with Grip Shift on his Scott Bars. Casual cyclists and serious athletes who tried Grip Shift liked it and continued to say so.

The SRAM team was hopeful. Sam was already working on designs that would allow Grip Shift to work on mountain bikes and improving the versions that worked on racing and triathlon bikes. Merc had a plan to capitalize on the helical cam's cable pulling dexterity and index a less expensive nonindexing derailleur for mass-market companies. "As poorly as we were doing, we were on fire," recalls F.K. Their second Anaheim show was just three months away. Maybe this time around, the orders would come in.


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TAIWAN

David v. Goliath

SRAM might not exist if Scott King hadn't observed that in his view, Shimano's operating practices violated the tying provisions of antitrust law. Tying is when a company makes the sale of one good conditional on the sale of a related good. Think, says SRAM attorney Rick Walsh, of how a French restaurant is willing to sell you a steak, pasta, and a glass of wine for a bargain $30 if you order its prix fixe meal, but will charge you $45 if you order the three items a la carte. That is tying. By hiking prices on individual components for bike manufacturers who didn't purchase the *gruppo*, Shimano was tying.

Tying isn't automatically illegal, but it is not allowed in the U.S. for companies that have monopoly power. On September 22, 1989, SRAM filed its complaint against Shimano in federal court in California. The company alleged in five counts that Shimano had broken multiple federal and California state laws governing monopolies. SRAM wanted the court to order Shimano to quit strong-arming bicycle manufacturers into using its parts exclusively.

Shimano's competitive practices, while common and perfectly legal in different circumstances, were not OK in this case, the suit alleged, because the company was a monopoly. In the words of the complaint, Shimano had "85% of the market for component parts in the specialty market, 60% of the market for component parts in the mass market."

Shimano's first response to the suit arrived on October 17, 1989. The company denied virtually every allegation. Shimano would only acknowledge that it had "an economic interest in the sale of shifters and other component parts for bicycles." It professed to not know what SRAM was, or that it had a product called Grip Shift. It insisted that SRAM hadn't "been damaged in any amount whatsoever."

The judge informed both sides that discovery could proceed. Now Scott and Rick needed to gather enough proof to persuade a jury of SRAM's claims. They had to prove Shimano was a monopoly. They needed bicycle manufacturers to say in depositions that they had wanted to order Grip Shift but were blocked by Shimano—something that the manufacturers would be reluctant to do since they depended so heavily on Shimano.

Scott and Rick needed independent mechanics to say that Grip Shift worked well in combination with Shimano's gear. And they needed either documents or depositions from Shimano employees that would show that the big Japanese company knew it was a monopoly, knew exactly what SRAM was and where it was based, and had intentionally targeted Grip Shift.

In January 1990, SRAM got word that its lawsuit against Shimano was starting to have an effect. The company had previously told bicycle makers that if they wanted to substitute a non-Shimano component into the Shimano group, they would have to pay a 10 percent surcharge for individual components. On January 19, Shimano issued a memo to the industry saying that it would reduce the surcharge to just 2 percent. It said Shimano would continue the practice of preventing companies that opted not to purchase complete component groups from using the relevant model names in their advertisements. This was an improvement for all component companies, but it wasn't a level playing field.

"They probably thought that would make the lawsuit go away," says Rick. But other concerns for companies that mixed and matched its parts with Grip Shift—such as threats of late delivery or denying warranty coverage—remained in place. Stan issued a press release on January 26 saying that SRAM would press forward with its suit "aggressively." Shimano's "new policies are an attempt to avoid additional legal liability," the release said. "They do not open the market."

In May, Rick and Scott got on a plane to Osaka for their first depositions of Shimano employees. Neither had ever been to Asia. On their first morning in Osaka, they walked to the American consulate where the depositions would be held. They felt a chilly reception from the American staff there; lawsuits are not common in Japan.

The room that the consulate had set up for the depositions was as small as a Tokyo hotel room. "We had two translators, a court reporter, their lawyers, me, and Scott—and the room was so small," says Rick. "We had to go in single file, in just the right order, because if you walked in there in the wrong order, there was not enough room between the table and the wall to walk behind the other person's chair."

The trip dragged on. "That Japan trip was just exhausting," says Scott. "It was a physical and mental grind. It was get up early, go do the depositions all day, then spend all night trying to sort through what we had gotten that day. Then Rick would have to plan out what he was going to ask at the next deposition."

They had better luck with the sea of documents Shimano produced than with the depositions. "It was hundreds and hundreds and hundreds of boxes," says Scott. "It was a pile as deep as your hip spread across a room that was as big as a small gym," adds Rick. "And 90 percent of it was in Japanese."

"But the great thing about documents in Japanese is that any word for which there's no translation—a word like SRAM or Grip Shift, for example—is going to stick out," says Scott. "We realized that we just needed to grab anything with those words in it. It didn't matter what it was. It would get photocopied and put into our box. We'd worry about translating when we got home."

Back in the States, they started to develop the testimony they would to convince a judge and jury. A key product manager not only confirmed details like Shimano's 10 percent hike on prices if manufacturers didn't purchase its entire drivetrain, but also explained how Shimano had, for example, told manufacturers who opted to not purchase their entire group that they would be moved to lowest priority for parts shipments. By August, Rick thought there was enough evidence in hand to succeed at trial.

Scott sensed he'd reached an inflection point in his history with the company. He wanted more time with his wife, and she wanted to return to their native Saint Louis. He offered Stan his resignation. They had been college buddies, then had shared the excitement and frustrations of trying to build a company for several years. They agreed that Scott would help them get through Interbike and depart in early October.

Two days later, a fax arrived from Shimano that caught everyone off guard. It was an offer to begin settlement talks. The two sides soon arrived at a mutually agreeable, undisclosed sum and agreed on the rules Shimano would agree to honor going forward in the market. Stan wanted Shimano to compete according to the law. He wanted a signed open letter to the industry promising that the company would not penalize manufacturers who wanted to buy individual Shimano components. Shimano was willing to do that for SRAM, but not willing to publish an open letter for the industry. Stan would not budge unless the policy applied not only to Grip Shift, but to the industry as a whole. Shimano's attorneys finally signed off, and the deal was struck as Stan and the rest of the SRAM crew were arriving in Anaheim for Interbike on September 30, 1990. A new era had begun for SRAM, and for the cycling industry as a whole. The market was open.

The significance of the lawsuit was later described in a January 1995 *Bicycle Dealers Showcase* magazine article entitled "The Fall of the Shimano Wall: New Manufacturers Welcomed by 'Shifting' Market Created by SRAM." "Though Shimano never admitted any wrongdoing," the article said, "the 1991 settlement was a critical victory for SRAM. More importantly, it also opened the doors for a host of other component manufacturers from long-established names to boutique-type specialty makers. In bicycle component terms, it was the equivalent of the fall of the Berlin wall. Suddenly a breath of fresh air swept through research and development departments in bike distributors across the United States. After a long reign by Shimano, product managers and their bosses felt emboldened to use other companies' components again."

Size, Rotation, Transition

As Stan, F.K., and Merc made the rounds at Interbike, one product manager after another congratulated them on their win and the open market. But, the product managers carefully added, Grip Shift still needed to be improved. "They'd been telling us the same thing for two years," says Stan. "They'd say,

'Reduce the size of your product, reduce the rotation required to shift the gears, and make the transition from the shifter to the stationary grip smooth.' We kept hearing those three words. Size, rotation, transition."

There were still no Grip Shift orders in mid-December. Stan and the others decided that SRAM's offices should do something it had never done before: close for the week between Christmas and New Year's Day.

Sam went home to his parents' house. "I got the notebook that I had been sketching in three or four years earlier, when I was in San Diego developing the helical cam, and I picked up where I left off," he recalls. "The helical cam itself would not fill the bill. I had already tweaked the shit out of it. I had done all kinds of experiments to see what it was capable of in the extreme. It wasn't looking pretty."

"So I started over. I went to my dad's office over the garage. I started sketching. Pretty soon, I had about eight sketches of things that would pull cable the way we needed to without the helical cam.

"I picked one design that I thought could pull cable in the way that we wanted and made a prototype. The first time I went to shift it, it exploded in shards of plastic. So I took another stab at it. And I came up with something that led me to the shovel cam.

"What I realized was that the most effective way to pull cable with great force on a bicycle wasn't to pull on the end of the cable. It was to yank on it sideways. Think of exposed cable on a down tube. If you want to pull cable, you don't grab that cable and pull in the direction of the cable. You put a rag on it and yank it sideways. You have tremendous mechanical advantage.

"So that's when it hit me. Let's not move the end of the cable. Instead, let's displace the cable sideways. So with a shovel cam, you wrap the cable around the handlebar, you secure the end to a fixed point, and you have the shifter pull the loop of cable sideways. The trick is that you must wrap the cable around the handlebar once—the full 360 degrees—and absolutely secure it to the handlebar. That locks it. When you twist the grip, the end doesn't move, but the shifter has a spiral to it that slides under the cable and makes the spool's circumference grow. So you indirectly pull cable by displacing it sideways. And by adjusting the major and minor diameters in the shifter, you can have as much or as little mechanical advantage as you want."

Sam returned after the holiday with his new shovel-cam shifter. F.K. was the first to ride it. He came back after nearly an entire day of testing and reported that it was interesting, but the clicks in the system were too uncomfortable. "He didn't like the way the detents felt," says Sam. "But we figured out that we could tinker with the angles on the detent and you'd get all of what you needed for feel." Over the next few days, Sam and his newly hired lead engineer, John Cheever, ironed out a prototype that pleased F.K. Then they showed it to the rest of the group.

"SRT was the voice of the customer. We had spent years listening and asking ourselves, 'What do they really want?' They didn't want anything resembling a helical cam. By moving to the shovel cam, we found the target."

"We couldn't believe how it felt," says Merc. "We couldn't believe how light the action was. Size, rotation, transition. Sam killed it. He just completely killed it." They dubbed this new shifter the SRT-100.

The first big order came from Trek. They wanted the new shifter for tens of thousands of Trek 700 category "hybrids." The bikes were intended to be affordable and easy to ride on pavement or dirt paths, and the company wanted them in wide distribution by the following September.

Headed to Taiwan

Stan was confident that Sam, John, and Jeff could figure out a way to manufacture the new SRT shifters in Chicago. He flew to Taiwan to tie out the business with Merida, which at the time was the OEM factory for these bikes. Merida had other ideas. "Merida said, 'You're not going to deliver the shifters from Chicago,'" says Stan. They insisted that SRAM build its product locally. Stan canceled his flight home and started working on setting up a factory. The objective now was to launch SRT 100 simultaneously in two factories on both sides of the Pacific, linked by thermal fax paper and AT&T calling cards.

The days were a blur of hard long hours and knocking down challenges. The list of issues seemed to grow, not shrink. On the Taiwan side, says Stan, "I needed enough room for 20 people, I needed a suite of tools, I needed a supplier base." To get himself around the country, he had to rent the hotel car. The car cost $100 a day—an amount that he knew Scott King, had he still been with them, would have scolded him for spending.

"I traveled around and visited suppliers and tried to find the parts we were going to need for the SRT-100, and I'd be at it all day long," Stan says. "I'd come back at night to the hotel, write a 2-to-10-page report explaining it all, and fax it to Chicago." A key break came from David Chang, president of a bicycle-parts manufacturer in Taichung called Falcon Cycle-Parts. Chang agreed to lease SRAM a 500-square-foot outbuilding in his company's parking lot. It was actually a former one-bedroom guard hut.

F.K. arrived in Taiwan and set about converting the shack into a legitimate workspace. Stan had discovered a hotel in Taichung willing to rent him a reasonably comfortable room for $35 a night. F.K. brought over their bicycles from the U.S. so the brothers could get around the city. "We were too cheap to buy a car," says Stan.

Gradually, the pair began to chip away at the list. By now F.K. knew enough about what it took to assemble a Grip Shift system that he could hand-build a functioning workstation. He began chasing down the materials and tools needed to get their tiny factory up and running. Then he set about hiring and training the laborers.

Meanwhile, Stan was searching for an operations manager and production

manager, as well as a bookkeeper. He hired an operations manager named Chia. Then he started interviewing bookkeepers and met a woman named Huann Jang.

Huann had spotted an ad for the job in her local newspaper. "Huann comes in, and we go outside and sit down on a landscape retaining wall in the hot Taiwan summer sun," Stan recalls. "And she looks around and says, 'Look, you're not offering enough money for this job. You need to pay something more.' And then she shakes her fist in my face and says, 'You need to hire me, or you won't succeed.'" Thinking that was a bold approach to an interview, Stan hired her as the accounting manager.

"And you know what? Huann still does that today," Stan says. "I'll get over there today, and be meeting with her and she'll think I am wrong about something; she'll just shake her fist in my face. We now call her the Bank of Huann."

A week later, Jeff arrived. He'd been back in Chicago sorting out the manufacturing process for the new SRT-100 shifters. SRAM also built SRT 100 capacity in Chicago to serve the domestic market. At the time, major dealer-market brands including Trek, Cannondale, and Raleigh were manufacturing bikes in the U.S., and, of course, there was the U.S. aftermarket.

Jeff found F.K. bandaged up. He had been seriously injured playing expat softball in Taipei with Stan a week earlier and had survived a harrowing trip to a local emergency room. But he was healing well enough to be up and about. Now the challenge was to bring up SRT 100 production in Taiwan, with a second set of tools and with local processes that matched the engineering specifications of the SRT 100 shifters that were emerging in Chicago.

They couldn't seem to make things work. "The tool design, molding machines, temperature, and humidity in Taichung were different from back in Chicago," Stan says. The slower rate at which the composite material cooled in the molds slightly altered the shape and performance of the parts. He adds, "Our lack of experience may also have been a cause."

The electrical system in their little assembly "factory" wasn't grounded, so it periodically created a shocking surprise for assembly workers. F.K. talked with Falcon's maintenance man in a conversation consisting of English sign language and Taiwanese sign language. The man left and returned a little while later, jammed an old crowbar into the ground, and ran wire to the assembly machines. "OSHA would not have approved, but it worked, it was safe, and we were in Taiwan," says Stan.

One of the most difficult product problems for the Taiwan species of Grip Shift involved a small part, common to most shifters, called a cable barrel adjuster. The tiny device helped maintain the proper amount of tension in the shifter cables. SRAM's adjuster was made of metal, and it was meant to screw solidly into a hole on the main body of the shifter, which was made of plastic. But the plastic threads in the housing tended to collapse, allowing the metal barrel adjuster to slip into the hole. When that happened, the adjuster slackened the cable tension and ruined the system adjustment. The problem was doubly mysterious because the SRT 100 shifters back in the U.S. didn't have this problem.

"Come late May, we still couldn't ship parts," says Stan. "We were still tweaking the design. May turned into June. Then June turned into early to mid-July. And Trek was screaming at us. I'd get in a taxi to the Merida factory to keep them calm. I'd beg: 'We'll have it for you next week.'

"The guy I'd meet with was Jack Lin. He was a great guy. Merc was first to meet him, and we had a good relationship with him. But when I'd go into the factory and talk to him and tell him parts were coming soon, there'd be a little shouting for sure.

"We got to the second week in July, and the bikes were already six weeks late. The legitimate screaming from Trek got louder. Their sales guys were commissioned on delivery, not orders. We weren't making friends. They'd promised dealers bikes. Merida had a hole in its capacity that they hadn't planned for, so it was like they were flying an empty seat on an airplane. We had all these people saying 'I told you so,' because they broke the Shimano group. The noise was coming to a crescendo.

"We had weak design—we were screwing barrel adjusters directly into plastic. Our testing had proved it was OK, but in production it was clearly not as strong as metal.

"I finally got one last revision on parts, and we produced our first pallet of shifters. The Trek Taiwan representative, Steve Shih, came over to inspect our product. He wanted to sample what we were getting ready to ship over to Merida.

"So I strung up a test bike just outside our hut, I mean factory, in the blazing July sun in Taiwan. I put on a set of shifters. I tensioned the cable. I started shifting. I shifted the front first, then the rear. And I was showing Steve that it was all working fine. And he was now playing with the shifter that controls the rear. And it was working perfectly.

"Well, at that very moment, I noticed the front. And the barrel adjuster just went: Pffft. I thought, Oh shit. It slid right in, the plastic threads stripped by the tension on the derailleur cable. Now the front derailleur was out of adjustment. But Steve didn't see it, and I didn't tell him.

"Fortunately, not all the parts were bad. We shipped to Merida, and bike production started although at a much slower than programmed rate. Trek then suggested that bikes be shipped without shifters, if SRAM would agree to airfreight, catch up production to the U.S., and put them in bike boxes when the bikes arrived at their warehouse. That became the new plan for the next couple months."

Ultimately SRAM delivered, and though a quarter step from the cliff's edge, Trek stayed with them. When Stan and his crew arrived at Interbike in the fall of 1991, Trek's representatives were happy to talk about their plans to use Grip Shift on 1993 models. And with word getting around about how SRAM had hustled to make up for its mistakes, some other manufacturers, including

Diamondback and Schwinn, were ready to spec SRT shifters on some of their lower-end mountain bikes as well.

"About a year later, I went to a Trek event in Waterloo," Stan says. "I ran into the wife of Tom Albers, the chief operating officer of Trek at the time. She asked me what I did, and I said, 'I'm head of SRAM. We make twist shifters.' She looked at me with anger on her face and said: 'My husband couldn't sleep for two weeks because of you.'"

Grip Shift sales for model year 1992 were 300,000 sets, and tracking 500,000 for 1993. Then the rocket engine really kicked in. For model year 1994 they would be 2 million, they hit 5 million in model year 1995, and they peaked in model year 1996 at 8.6 million sets.

It was the summer of 1992. It been nearly five years since the company was founded, but the company had finally arrived, and now it was time to hang on.







GROWTH MODE

The Plastic Derailleur

Not only was Grip Shift widely specified on modestly priced city and hybrid bikes, but Merc had also cracked mid- and high-end mountain bikes with the help of pro bike racers Greg Herbold and John Tomac. Mark Norris at Specialized led out by specifying Grip Shift on the Stumpjumper lineup. In addition, of the 19 mountain bike models that Trek sold in 1994, seven were equipped with Grip Shift—including both of its top-of-the-line 9000-series bikes. Grip Shift had become a smashing success, and annual sales were on a growth trajectory that would eventually surpass $65 million.

With the sales came strong cash flow. Grip Shift shifters, a simple and elegant design fabricated primarily with injection molding, had an innate cost advantage over rival products like Shimano's RapidFire system, which was made mostly of metal and put two shift levers near the rider's thumb. But Grip Shift was different—arguably better—and it could command a similar price on the market. And Grip Shift's patents were strong enough to keep knockoffs at bay. It had taken eight years, but the original hope for the company had been achieved.

Now the team faced a decision. "We had to decide whether we'd ride Grip Shift through a normal S-curve product cycle, where growth tapers and then sales start to decline," says Stan. "It was that or reinvest profits and become a full-line supplier."

And what could SRAM offer the cycling world that Shimano and Suntour weren't already offering? Grip Shift had succeeded partly because the design was revolutionary. It didn't seem likely that Sam could pull off equivalent miracles for derailleurs, rear cog clusters, crank arms, and brakes. He and John had prototyped a number of alternative drivetrains, but none really promised the cost structure, performance, and weight targets that existing derailleur-based drivetrains were providing.

In the spring of 1994, the pair presented a prototype for a new mountain-bike derailleur to the team. It looked outwardly like a conventional slant-parallelogram derailleur. But there was magic in a curved cable guide attached to the outer link. The cable guide altered the derailleur's actuation ratio—that is, it changed amount of cable pull required to cause the derailleur to move. And this feature, the two argued, would make

SRAM's derailleur faster and more tolerant of bike design issues, slop in the system, and muddy conditions.

When a rider actuates a shift lever or twist shifter, the action pulls or releases cable. This moves the upper jockey wheel in relation to the cogset, thus shifting to another gear. Historically, derailleurs were designed to convert a pull of, say, one millimeter of cable into two millimeters of sideways motion of the jockey wheel. This 2:1 actuation ratio became the industry standard in the era when cyclists were still reaching between their knees to shift gears. Old-fashioned shift levers pulled cable by coiling it around a small-diameter spool where the levers attached to the downtube. As there wasn't much cable-pull capacity, Shimano and others designed their rear derailleurs to move twice the distance. This also meant that any effects to the system were multiplied by a factor of two, and tolerance was reduced.

To John it made no sense. "When we were perfecting Grip Shift, we had to accommodate derailleurs with a 2:1 ratio," he says. The standard handlebar diameter created a minimum spool that pulled too much cable for each degree of rotation. Sam came up with the shovel cam to get the grip over the handlebar while increasing the leverage and reducing the effective cable pull per increment of rotation. "We had to jump through our butts to do it," said John.

The actuation ratio on the derailleur that they had just invented, with its curved cable guide, was 1:1. This derailleur was designed to take advantage of the handlebar diameter to pull lots of cable and increase the leverage at the derailleur. The SRAM team was impressed. And before long, they had come up with a name for this derailleur that they thought would convey its ability to better understand cyclists' desires: ESP.

But there was a huge hurdle between the prototype and a production model that the company could sell at a profit: metal. SRAM had virtually no experience with metal.

"Grip Shift was relatively simple, with just a few injection-molded parts. We could make it," says Stan. "But what we hadn't learned was how to process metal. Processing metal is a lot harder than processing plastic. When you fabricate something from metal, you're stamping it, you're die-casting it, you're forging it. You're drawing it, heat-treating it, plating it, and machining it. It is just so much more complicated."

The group thought there was a way around the problem. Instead of making ESP out of metal, they wondered, why not make it out of plastic? After all, the company had achieved enormous success with composite materials and molding machines. And with carbon fiber making bigger inroads into the marketplace, it might be possible to make most of this derailleur out of a super-strong, carbon-reinforced polymer composite.

The production version of the ESP derailleur arrived in the summer of 1995. Sleek, lightweight, and made mostly of plastic, it promptly went onto high-end mountain bikes by the thousand. The first model was called the Grip Shift ESP 900. Merc had succeeded at persuading just about every major manufacturer to try the derailleur on at least one of their 1996 models. ESP 900 was mounted to high-end bicycles like the Specialized Stumpjumper and the Trek 9900 SHX.

When Interbike rolled around in September 1995, Merc was eager to create buzz for the derailleur among bicycle dealers, and he placed an advertisement in the trade magazine Bicycle Retailer & Industry News. The ad featured a mail-in coupon that gave anybody who wanted to try ESP the opportunity to purchase the derailleur and a set of Grip Shift shifters for $100, a hefty discount from what they would sell for together in the retail market.

Response to the ad was overwhelming—and it caught SRAM flat-footed. "I walked in one day at work, and there was a huge stack of these mail-in cards sitting on a desk in Dealer Service," recalls Brian Jordan, a design engineer who helped develop ESP. "It looked like thousands of them."

Everybody who could possibly pitch in and work late nights now rallied to help deliver derailleurs and shifters to every one of the bike-shop folks who'd mailed in coupons. There was a strong shared sense that SRAM was about to take a giant step toward becoming a full-line component maker.

And then, just a few weeks later, the derailleurs started coming back.

The vast majority split in two through the B-knuckle. The bike-shop riders all seemed to describe roughly the same failure mode, involving crunching sounds and chains suddenly falling slack. Nobody had been hurt, but the breakdowns had ruined an awful lot of rides.

The job of smoothing over the bad feelings and mailing out replacement derailleurs fell to the Dealer Service group. Led by a former bike racer and salesman named Andy Caron, SRAM dealer-service reps practiced a generous no-questions-asked policy when it came to replacing broken gear. The reflex was Andy's, and the policy was something he initiated on arriving at the company in 1992.

"I credit Andy for that attitude—it started when I was living in Taiwan and trying to get our operation there up and running," Stan says. "My attitude would have been to make customers justify why they should get a new part, to make them prove it. Andy remembered what it was like to be on the other end of the phone. His was simply to tell them, 'If you've got a problem, we'll fix it.' And he was right." Getting people back on their bikes fast was the objective.

But the number of broken first-generation ESP derailleurs was more than even Andy's sweet-talking crew could compensate for. The people who had mailed in the coupons from *Bicycle Retailer* were exactly the wrong people to disappoint. These dealers and their top salesmen were early adopters and key influencers, and they just had encountered a product that broke.

"We'd been mythical in the eyes of the industry when it came to engineered resins—that was our lingo for the word plastic, because we didn't like saying plastic," says Merc. "Now we'd proven that we didn't know that material. Or metal. And we lost some of our customers' confidence and trust."

SRAM's engineers shortly discovered the main source of the problem. "We had machined the prototypes from large blocks of composite," says Stan. The carbon fibers in the machined blocks of composite were uniform. But when the same

carbon-reinforced resin was injected into part molds, the fibers set randomly. Stan explains: "With the injection molding, the strength characteristics were different from the extruded stock we had used to machine the prototypes."

The B-knuckle had to be stronger, and the easiest way to make it stronger was to add thickness. "So we just started throwing material at it and hoping it would get better," says Brian. "They put me on a plane to Taichung with a couple of derailleurs and some sculpting clay." The B-knuckles on later production runs of the first-generation ESP grew thicker and heavier in 1996, and the rate at which they broke tapered off somewhat. Later generations of the derailleur had B-knuckles that were even thicker and wrapped in a layer of carbon fiber. But although SRAM's engineers succeeded at reducing the rate at which the derailleurs broke, they couldn't fix the problem entirely, and ESP's reputation would dog efforts by Merc's sales team to get manufacturers to embrace it in subsequent model years.

The First Acquisition

On the surface, Sachs didn't seem a likely target for SRAM. The venerable company's roots went back 100 years, to 1895, in Schweinfurt, Germany. Ernst Sachs was an early high-wheel cycling enthusiast, racer, and inventor. By 1997, the business was predominantly internal gear hubs and bike chains, with $125 million in annual sales. And it was nestled under the wing of a conglomerate, Mannesmann Sachs, based in Dusseldorf. Most of the parent company's revenue came from automotive parts and cellular phone technology.

Mannesmann was focused on consolidating its core business—and the bicycle-parts division was an outlier, despite its role in the organization's genesis. It was losing money. The company thought there were significant cost savings to be wrung from the cycling division. The workers who fabricated the internal gears and assembled them into hubs were spread through multiple buildings around the Sachs Schweinfurt automotive-factory campus. But the Sachs workforce was governed by a union, which opposed any restructuring plan that involved significant layoffs. "There was no way they could restructure the bike division without setting off a sympathetic strike from the union workers in Sachs automotive," says Stan. "The only way to fix it was to sell the bike division and leave the rationalization to another entity."

The general manager of the division, Nico Lemmens, told Stan that he had already tried and failed to interest Shimano. The Japanese firm had its own line of competing internal-gear hubs. As Stan puts it, Lemmens "knew SRAM was trying to broaden its product lines, and he wanted to know if we had the financial wherewithal to consider it."

Stan thought it sounded like an interesting but complicated opportunity. Buying Sachs would give SRAM entrée with European bike dealers. He believed the hub business could be made profitable again. And, best of all, Sachs had a sizeable engineering department with a century of experience working with metal.

Stan consulted with F.K., Merc, and the others. "I was intrigued," says Merc. "They were really big, and I thought that was good. They'd be giving us metal-bashing technology, and helping us work the other end of the market, and helping us compete against Shimano. And ultimately we'd have to compete against Shimano on all playing fields, so I thought: This is cool." SRAM board member Charlie Walker thought it could be a real game changer in terms of market share and technology. Given a choice between being small or large, he advocated, be large.

This was SRAM's first acquisition, and it took some scrambling to get the sequencing lined up. First was the due diligence. The core team included Stan, Merc, Jeff, F.K., and Charlie. Charlie was the only one who had done an acquisition or major investment before, and even he had never integrated a European company. "Charlie's venture capital experience was vital, as he saw the pattern of the negotiation and status of Sachs operations," says Stan. "He quickly turned the price negotiation to SRAM's favor and set the course for what otherwise would have been an unlikely process to reach the finish line."

SRAM announced the deal on November 7, 1997. Stan gave a speech welcoming the Sachs employees to SRAM. "I was talking in front of all 600 people in the main Sachs campus cafeteria, and I was nervous," he says. "I'm on a stage giving my PowerPoint presentation—it's being simultaneously translated into German through headphones—and telling them what our vision is, and I start seeing the looks on the faces of some of these folks." Most were 10 to 30 years older than Herr Day, and they didn't look happy. SRAM would build a new 150,000-square-foot factory for Sachs's bicycle division in Schweinfurt. Of the 600 German employees working in the division, 450 would join SRAM, with 150 of them moving to other areas of the Sachs operation. It might have been the first time since Ernst Sachs' day that the entire bicycle division was under one roof.

As Stan became acquainted with the mid-level management at Sachs, he became more and more eager to tap the knowledge of the firm's engineering department. "They were excited, too," he recalls. The engineers, especially the younger set, had trained at top German schools, many were cyclists, and they were eager to develop new products. "The engineers saw SRAM as innovative, or at least more experimental, product developers," Stan says.

The year after SRAM moved Sachs to its new factory, sales of its internal-gear hubs leapt. "We had record unit sales in 1999, which was fabulous, because usually the year after you buy something and start restructuring it, sales usually go down," says Stan. "Frankly, none of the credit belonged to us." For the most part, Stan says, the efforts of the former Sachs workers and the healthy economic conditions of the time combined to produce the result.

The X0 Rear Derailleur

In 2000, SRAM's senior managers sat down to review the results of a study Merc had commissioned. He'd hired an outside consulting firm to survey SRAM's customers—the bike manufacturers, the dealers, and the cyclists.

Merc still winces when he remembers what they said about SRAM. "They said, 'They're really nice guys, and they have really outstanding service, and we really like them, but their products are really average,'" he says. "It's like when you overhear the guy next door telling his wife, 'Our neighbor's great, but man, I wish he would cut his damn grass.'"

Still, Merc wasn't entirely surprised. "I'd had a few product managers tell me, 'Merc, I love you, but don't ever bring another plastic-knuckled derailleur in here again,'" he says.

But behind the scenes, SRAM's engineers were working on a project that would fundamentally alter the battlefield between SRAM and Shimano.

The lead engineer on the project was Scott McLaughlin. In 2000, Scott formed a special, dedicated engineering team to build an entirely new mountain-bike derailleur from scratch. His team included project manager Andy Caron, whose crew in Dealer Service had fielded the thousands of broken ESP derailleurs. Robert Boehm, an engineer in Germany, helped in the early development. Kent Solberg, a protégé of David Zimberoff, was in charge of shaping the derailleur's design. And another veteran former Sachs engineer, Andreas Benz, was to head up testing of the final product.

There were no restrictions placed on what kind of material they had to use. "We had to bite the bullet," says Scott. "We needed to really figure out aluminum forging. We needed to find exactly the right vendors, and we needed to know exactly how we'll forge it, how we'll machine it, and how we'll finish it. And it wasn't just about coming up with a better B-knuckle. We had jockey wheels that wore out too quickly. We had cages that didn't survive chain jams very well. We had inner and outer links that weren't stiff enough. The list went on and on."

The only non-negotiable, Scott had argued, should be the 1:1 ratio that Sam and John had come up with when they developed ESP in 1994. Otherwise, the sole priority would be to topple the gold standard in the market: Shimano's XTR mountain-bike derailleur.

A little over a year later, in September 2001, Scott was starting one of his many journeys from Taiwan back to the United States. In his carry-on bag was the new derailleur. It was one of a handful of early production versions—what SRAM calls an L-2 pilot run. It had been produced in SRAM's Taiwan factory and was virtually the same as the version that would appear in bike shops the following year. "L-2s are not perfect," he says. "But they're real close. I'd say 99 percent of the dimensions are right. The assembly line isn't quite dialed in, but they're getting there."

The derailleur was called the SRAM X0. It still worked on a 1:1 actuation ratio. The industrial design was redefining. It was made almost entirely of metal. And even to the untrained eye, there was no mistaking X0 for the ESP derailleurs that had preceded it.

"We changed everything," says Scott. "The geometry was different, driven by the new 11-32 nine-speed cassettes. And there were so many other issues. Materials weren't even the biggest story. Every single part, every single finish, everything was new. And since none of our in-house manufacturing capability and none of our suppliers had been ready to make this, we had go through and teach every single person involved new materials, new heat treatments, new finishes, new everything."

The derailleur was controversial within SRAM. When Andy had reported on X0, he had explained that it was going to cost more than the Shimano XTR. "I'll never forget our head of European sales standing up and saying that if we were serious about putting that price on the derailleurs, he didn't think he could sell more than 50 units," says Scott. "Absolutely nobody outside the company thought we could make something better than XTR."

Scott understood the skepticism. After all, he says, "Shimano had more than a 15-year mountain bike derailleur head start on us." But even people at SRAM weren't confident that he and Andy and the others could produce a superior derailleur.

Now Scott was flying back to Chicago. Earlier that morning, he had packed half a dozen X0 derailleurs into a FedEx shipment for team mechanics supporting the riders who were competing in the World Cup finals in Vail, Colo. The X0 hadn't been tested in an elite-level bike race yet, but he was confident that there would be no surprises in Vail. "We'd been riding it hard in Chicago and Germany," he says. "There were at least a dozen pros out there riding the shit out of it in long end-of-the-season rides."

"It wasn't until I was on that plane that I began to believe we had done it," Scott continues. As his flight left Taiwan, he reached down to pull his L-2 sample from his bag. He'd been etching dates on the ones he handed out to various test riders, so that if anything went wrong, he would know whether it was an old problem or a new one. On each of the ones he'd FedExed to Vail and the one he had in his bag, he'd etched that day's date: 9-11-01.

Scott put the X0 away and drifted off, but he was woken up a short while later by an announcement on the intercom. The pilot explained that the flight would be rerouted back to Hong Kong. He didn't say why. A few hours later, in a hotel room in Hong Kong, Scott watched in horror and disbelief as the World Trade Center towers in New York collapsed over and over on CNN.

Somehow the FedEx shipment still made it through, and later that week in Vail, the event went on—and cyclists and bike writers got their first real peek at the results of the team's hard work. There, and in the months that followed, X0 proved to be every bit as durable as XTR. And thanks to its 1:1 actuation ratio, it was easier, faster, and more accurate to shift. The consensus of the bike cognoscenti would emerge gradually: SRAM had beaten Shimano on its own turf. Bike manufacturers began to order lots and lots of X0s.

After several painful years of negligible growth, SRAM revenues would break a record in 2002 and remain on an upward slope.


REG




GRIP SHIFT








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THE ROAD TO PARIS

Gathering the Group

In January 2002, SRAM was one of a handful of companies that bike makers were turning to when they wanted to offer riders an alternative—something other than a model equipped with an all-Shimano drivetrain and brake system. In X0, SRAM had an excellent mountain-bike derailleur that many serious bikers considered superior to Shimano's best. But SRAM wasn't producing the cranks, brakes, headsets, wheels, and other components that would allow the team to compete head-to-head with Shimano.

So if a bicycle maker wanted to offer a non-Shimano mountain bike, its product managers would combine SRAM's derailleurs, chains, and twist shifters (the company developed trigger shifters shortly after X0 arrived on the market). A non-Shimano bike would frequently sport SRAM's parts alongside cranks from Truvativ, based in San Luis Obispo, Calif., and brakes from Avid, based in Denver. Then they would add suspension from RockShox, Fox, or Manitou. By 2005, SRAM would own three of those companies.

In February 2002, SRAM announced it would purchase RockShox. Founded in 1991 by Paul Turner, a former motorcycle racer and motorbike tuner, and Steve Simons, a former racing pro and entrepreneur, RockShox had pioneered the production of shock-absorbing forks for bicycles.

RockShox forks grew popular in the aftermarket and as original equipment when serious mountain bikers realized that riding with a RockShox fork gave them a vastly smoother, more controlled ride in technical terrain. The boost in control was more than enough to compensate for the extra weight of the forks.

RockShox grew quickly; its product provided mountain bikers a clear advantage. In the mid-'90s, they decided they needed some outside perspective. "So Steve and I went looking for a financial partner and got involved with a company in New York," recalls Paul. "These guys said they would bring in professional management and take the company public or head for liquidity. We did eventually go public. But the New York guys had one goal, and I had a different goal, and Steve had a different vision, too. And public shareholders don't give a rat's ass about your product. They just want profits." RockShox failed to develop new forks that could capture the imagination of cyclists as its Mag and Quadra forks had in earlier years.

"Pretty soon, we were all on our knees," says Paul. He withdrew from day-to-day involvement with the company in 1999.

In February 2002, with RockShox close to filing for bankruptcy, SRAM purchased the company. "We had put in an offer to buy them once before, on September 5, 2001," said Stan. "Then September 11 happened, and we terminated that offer." In the intervening months, RockShox's problems had become more apparent.

"They were doing really well through the late 1990s, but their cost structure got out of control," says Stan. "Their customers were over in Taiwan. But they were making suspension in the U.S. in San Jose. Most of their parts were coming from suppliers all over the U.S., and some were coming from Australia and various countries in Asia. The parts were designed in San Jose and then sourced across the country and across the Pacific. Parts would be shipped to San Jose for assembly; finished forks were shipped to Taiwan for assembly onto bikes and exported to the U.S. and Europe. If you mapped how many miles the various parts traveled that went into completing a fork, it was huge."

Jason West led the integration effort, and SRAM quickly moved RockShox production to its facility in Shenkang, Taiwan, just north of Taichung. "Our supply base was local, and the distance traveled by parts in the supply chain was reduced by a factor of a 100," says Stan. "Quality went up, cost was rationalized, and product development was accelerated."

Next, design engineer Kevin Wesling, from SRAM's advanced development department, collaborated with RockShox product manager Sander Rigney to develop a revolutionary shock-absorbing system they dubbed Motion Control.

"I wanted to create a system where it had two spring rates," says Kevin. "You only need a fork to actuate when you hit a bump. You want to be able to set a threshold so when you're not hitting bumps, it doesn't compress and rob energy from your pedaling. But you still want it to give a little."

The system would allow a rider to shift a lever on his fork and reduce—but not eliminate—the amount of travel in a fork. If the rider was cranking up a smooth hill and wanted the fork to have minimal travel but still be able to absorb small bumps, Motion Control was the answer.

Cyclists loved the new technology. And RockShox has since vaulted back to the top of the world as the leader in bicycle suspension systems.

In March 2004, SRAM returned to the market for another purchase. This time, the company they sought was an innovative, financially sound company with some compelling innovation in brake hydraulics: Avid.

Founded in Colorado Springs by a former carpet installer and basement engineer named Wayne Lumpkin and his wife, Renate, Avid was a pioneer as well. Its rim brakes and adjustable brake levers were regarded as the most innovative in the market. Avid had also developed the first dependable, cable-driven, lightweight disk brakes for mountain and cyclocross bikes. "You can't go fast if you can't stop," says Paul Kantor, the product manager for Avid.

Then Wayne pushed Avid further by defying the bike industry's long love affair with cable. He developed versions of Avid's brakes that depended on hydraulics instead of cables. High-performance cyclists discovered that the hydraulic systems were just as dependable as and even lighter than cable-pulled brakes. Before long, Avid became the primary alternative to Shimano in brakes.

Wayne's formidable technical skills were almost entirely self-taught; like Sam and F.K., he nurtured a disregard for the standard classroom learning process. In second grade, Wayne decided his teachers didn't know what they were doing. "They weren't competent to teach me. I still believe they really weren't. And I've carried that attitude through my life," he says. He quit high school partway through 11th grade to focus on competitive slot-car racing. "I didn't go to college. I consider that to be one of my great achievements."

F.K., Stan, and John had talked for years with the Lumpkins about merging their two companies. Finally, Wayne and Renate agreed to a sale in 2004.

"Avid was healthy. They had a fairly narrow specification, but they had some very interesting technology," says Stan. "They were operating out of third-party factories and didn't control their manufacturing. It was a family-run business that was doing really well, but there would have been a lot of challenges growing to scale. That was a brilliant divestiture for the Lumpkins, because they monetized in a way that they wouldn't have been able to if they had to reinvest the profits into growth. And it was great for us, because we leveraged our manufacturing and sales network and over time grew the business tenfold."

Then, in September 2004, SRAM rounded out its drivetrain by acquiring Truvativ. Like Avid, Truvativ was a company with solid financing that was nearing an inflection point in its evolution.

Truvativ's founder was a flamboyant German ex-triathlete named Micki Kozuschek, who started the business in San Luis Obispo. A relentless entrepreneur, Micki had quit business school after two weeks. With a friend, he cofounded his first company, a diversified bicycle-products outfit called Modern Sports, when he was in his mid-20s. He flew to Taiwan early to establish manufacturing relationships. "Taiwan was a different place then, much different than it is today," explains Micki. "It wasn't quite like going into Vietnam, but it took balls."

Micki became intrigued by the idea of becoming a bicycle-component supplier. So he sold out of Modern Sports and started Truvativ with a Taiwanese partner named Gary Peng. The pair focused on cranksets exclusively. When their factory in Taiwan started churning out quality cranks at a solid markdown from those offered by other suppliers, the OEM bicycle companies jumped. "We went on to become the biggest crank supplier in the U.S.," says Micki.

"Truvativ was selling mid-range cranksets based on price and reasonable quality," says Stan. "Micki was a brilliant sales guy who would promise whatever he had to in order to get the business from product managers. That would include figuring out how to meet price targets, giving them the configuration they wanted, then figuring out a way to make them profitably." The company had an impressive slice of the market.

The energy it took to win that slice had put an enormous strain on Micki. "We went into everything like we had AK-47s and were shooting all the time," he recalls. "There was a lot of talent around—Garrett Smith drove engineering. But we didn't have the deep bench in management like the one Stan built."

Shifters, derailleurs, chains, cranks, shock absorbers, and brakes. Going into 2005, SRAM was starting to look like a company that could genuinely compete with Shimano for bicycle specifications from bumper to bumper.

That is, as long as the bike in question had knobby tires.

Back to the Road

Though SRAM had been founded as a maker of shifters for road bicycles, the company had largely abandoned road cycling since 1993. No component makers seemed capable of putting much of a dent in Shimano's lead in road. Campagnolo, its nearest competitor at the high end, was a distant second. Mavic had a respectable cut of the market for wheels.

Slowly, the pressure was building for SRAM to try and change that.

"Lance Armstrong was winning Tours, and the segment was growing," says Ron Ritzler. "At races, people kept saying to me and the other guys at SRAM, 'I can't believe you're not doing road.' Our pals at Specialized, Trek, and other bike makers were saying it too."

Ron and another product manager named Charles Becker started a campaign to get senior management to buy into the idea of launching a road group. Numerous other engineers and mid-level SRAM employees helped. "We promised senior management we would produce a group that was really special," says Ron. He was assigned to be the product manager.

Designing the derailleurs, cranks, and other components for the new road group was, for the most part, a matter of borrowing knowledge SRAM had already gained in the years it was developing its excellent mountain-bike components. But that wouldn't work for the new road group's shifters. Road cyclists were now used to riding with the integrated shifter-brake levers that Shimano and Campagnolo offered. SRAM had no such shifter on its shelf. And since Shimano and Campagnolo both had well-established patents on their shifters, Ron and his team needed something revolutionary.

The task of coming up with a mechanism to put at the heart of the new road shifter fell to the company's Advanced Development department. Their first attempt led them to a shifter that worked largely like Campagnolo's. The rider used a small lever behind the brake lever to shift into a higher gear, then toggled a thumb release to shift down.

"Ours was OK, and it worked a lot like Campy's shifter. So much so that we all called it SRAMpy," says Ron. "It was fine, but it didn't feel special."

On the day the SRAMpy shifter was acknowledged as a design concept for the road group, Brian, Kevin Wesling, and some others went to Weeds, a bar near the office, to celebrate. But what should have felt like a victory didn't; they didn't feel they had discovered what was possible.

"We're sitting there drinking Pabst Blue Ribbons for a dollar each," recalls Brian. "And I said to Kevin: 'What if you had only one lever? You'd push a little to release cable and push a lot to reel it in.'" They sketched out the mechanism the following day for Chris Shipman, their partner and prototype builder. Within a few weeks, the three were showing off a prototype for Ron and the others.

"They bring us a prototype," recalls Ron. "It works a little like the mechanism you use to raise and lower a set of blinds, where you pull down to haul the blind up, and you pull down to release it, too. I loved it, and I still have that prototype. When Shipman told me he could miniaturize that breadboard so it fit in a shifter, I knew we had something.

"A few months later, we had turned the mechanism into a prototype of the shifter. I was on a test ride with Andy Caron. He looks at me and says, 'You know what? It works.' I was kind of blown away," Ron says. "Andy never likes change."

David Zimberoff, who had moved on from industrial design to become head of marketing for SRAM, coined the name for the new technology: DoubleTap. It had an edgy connotation, normally reserved for the military's special forces. But it caught on with the rest of the team. By early 2006, it was time to take on the ambitious task of introducing the new road group to the road-cycling world. Dave and Ron thought there was only one man for the job: Alex Wassmann.

Alex was a former amateur motocross racer, art student, and bike mechanic who'd come to SRAM during its growth years. He had helped manage the company's relationships with major mountain-bike racers, then left in 2003 to become a full-time bike-gear guru to top cyclists and triathletes. Now Dave and Ron wanted him to come back to be SRAM's ambassador to the road-cycling community. "They wanted me to do what I did before," recalls Alex. "Dave and Ron handed me a blank sheet of paper."

SRAM had very few contacts in big-time road cycling circles. The company was, however, supplying chains to a team sponsored by road-cycling giant Cervelo. And that team had asked SRAM to come aboard as a sponsor. "It was a small but exciting thing," says Alex.

Still, Dave's research showed the best strategy was to crack the culture of amateur racing first, then work toward the Tour de France riders. "Racing is so important when you're developing a product," says Alex. "There's a difference between what happens in the design studio and what happens out in a race. Road racing proved to be an extremely harsh environment. Coming from the MTB culture, we were calibrated for the intensity and abuse in all conditions that off-road racing meted out. But big teams, unsuspended bikes, spring classics, and stage races—those were uncharted territory."

The first two amateur racers Alex settled on to ride the new SRAM road group were Ben Jacques-Maynes of Kodak Gallery and Jesse Lawler of Jittery

Joe's. Jesse was in his last year of racing before retirement. He'd been a dependable lead-out man for his team's pack-sprint specialist, Jeff Hopkins. "My team manager, Micah Rice, says SRAM is developing this road group, and it's really on the confidential," says Jesse. "This stuff wasn't going to be ready for production. Then they shipped a bike with their gear on it to my house in Nashville. They said, 'Train on this. You'll race at Downers Grove, and Ron and Alex and Dave Z. will be there. You can tell them what's going on with the equipment.'"

The criterium race in Downers Grove, Ill., was one of the most competitive in the country among top amateur racers in the U.S. "I was thinking, 'Oh man, you're telling me I have to use this stuff at Downers Grove?' I was really looking forward to this race. I wanted to do well, but you can't if you're not on good stuff. I'd been riding Shimano just about all my career."

But Jesse soon found that the SRAM gear performed well. He surprised even himself by ending up in the lead pack sprint at the end of the race. "You can't really describe what that's like to anybody who hasn't been there," he says. "Everybody's packed in tight and everybody's jockeying. You're supposed to keep your head together when your heart is pounding like that. It's a wild feeling.

"But the SRAM stuff worked great. And I still ride SRAM today. I love it."

Ron, Alex, and Dave left Downers Grove convinced that SRAM's first-ever road group would score well when it was introduced to the market as SRAM Force the following year.

The Paris Podium

SRAM got its Force group into the Tour de France sooner than expected. In 2007, Scott USA used the gear on bikes it provided to Saunier Duval, a team that featured veteran racers like Leonardo Piepoli (Italy), Iban Mayo (France), and David Millar (Britain).

"It was a big thrill to see our gear at the Tour in 2007," says Alex. But it was just a warm-up.

Late in 2007, SRAM added another major acquisition, purchasing wheel designer and manufacturer Zipp.

Founded in 1988 in Indianapolis by a mercurial motorsports engineer named Leigh Sargent, Zipp had made its name as a pioneering producer of carbon-fiber wheels. Sargent's protégé, a former South African motocross racer named Andy Ording, had vastly expanded Zipp's reach since arriving in 1992. For a few years, the company even produced a radical-looking and expensive bicycle frame that was coveted by triathletes. But they eventually focused entirely on the wheel business, convinced that their engineers could innovate quickly enough from their headquarters in Indianapolis to keep the knockoffs at bay.

It worked. The company's wheelsets became the industry leader. They sold in the $2,000 range, and many road riders, serious triathletes, and time-trial cyclists regarded their first Zipp acquisitions as a kind of rite of passage.

In 2008, SRAM introduced Red, a super-premium version of its road group. By now, the company's engineers were feeling more comfortable with the demands that high-end road racing put on their designs. As the Force design had to freeze to go into production, they kept careful notes of what they would change for the next generation. They fashioned Red to be lighter than Shimano's Dura-Ace. And when the components were being shown off at the Interbike trade show in 2008, they caught the eye of the most important cycling team manager in the world: Johan Bruyneel.

A former professional bike racer from Belgium, Bruyneel was celebrated as the man who guided Lance Armstrong to all seven of his Tour de France victories for U.S. Postal and, later, Discovery Channel. Now the coach and his young Spanish superstar, Alberto Contador, were moving over to Astana, a new, high-budget cycling squad.

"Bruyneel wanted a fresh start," says Alex. "He wanted new, innovative components. He wanted a lighter bike. So Johan calls Dave Z." Bruyneel had Contador and Levi Leipheimer try SRAM's new components. They approved the gear. And then Lance Armstrong announced he would come out of retirement to join the Astana team as well. Alex personally flew to Armstrong's home to rig up his bike with SRAM Red.

Dave began preparing to heavily promote SRAM's presence in the 2009 Tour. The Red components were working so well, and Shimano's new Dura-Ace introduction was struggling so much that year, that another team, Saxo Bank, called SRAM requesting to switch to Red in March. It was a rare mid-year move, and Alex and the team worked hard to execute it between races.

The Tour in 2009 was among the most hotly contested ever. For cycling fans who enjoy the race's soap-opera qualities, there was plenty of drama. Armstrong not only fought to keep up with Team Saxo Bank's talented climbers, Luxembourgers Frank and Andy Schleck, he battled Contador for leadership of Team Astana.

In Paris, the three men who finished atop the podium were Armstrong in third place, Andy Schleck in second, and Contador in the yellow jersey. All three had ridden SRAM drivetrains from start to finish.

"We had finally arrived," says Alex, who still seems awed and humbled by the achievement.

"You're always trying to live up to this 120-year-old sport," he says. "Now we made it to the same playing field with Eddy Merckx and Armstrong. You keep remembering that this was the place you used to look at and ask, 'Can we really ever get there?'"

And it was only SRAM's third year in the peloton.


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Total Control In
The Palm Of Your Hand.

SRAM TODAY

Adding Ownership

SRAM's sales for model year 2006 were $257 million. During the course of the summer, the board and senior management had begun talking about adding a private equity investor to the ownership base. The thinking went that it would add experience that the company currently didn't have as it grew into a much larger business. Gidon Cohen had joined the board of directors in 2002. Gidon had an extensive background in investment banking and private investing. He was instrumental in coaching the senior management team on how to execute a private equity transaction and what to expect.

A step in the process included putting together a presentation about the company, heading to major investment banks, going through a so-called beauty contest, and selecting an advisor. SRAM completed that process in the spring of 2007. Interviewed banks included Morgan Stanley, Lazard Frères, JP Morgan Chase, Lehman Brothers, and Goldman Sachs. SRAM selected JP Morgan.

At about the same time, Andy Ording called Stan and said Zipp was looking for new ownership. Andy was a terrific guy who had built Zipp into a highly profitable leading brand in the industry. Stan and the SRAM team felt there was opportunity to improve the globalization of the Zipp brand through SRAM's larger organization. Another factor was the prospect of building a stronger foundation for the SRAM aftermarket, both through the added critical mass that Zipp brought to the segment and through the U.S. sales force the smaller company had developed over the years. Stan decided to put the private-equity process on hold and see if SRAM could become Andy's chosen acquirer.

Stan and Andy struck a deal in November 2007: Zipp would become part of the SRAM family. It was a great moment, with lots of excitement on both sides as well as the start of the inevitable work and frustration that goes into an integration.

When the spring of 2008 rolled around, Stan and the team decided it was time to reengage with JP Morgan and launch their own private-equity process targeted at securing a minority investor. The cover letter for their presentation, which outlines the objectives, follows:

Overview:

SRAM Corporation was founded in 1987 to develop and manufacture a new and distinctive gear shifter for bicycles. Twenty years later, the idea-on-a-napkin has transformed into worldwide sales surpassing $400mm and EBITDA in excess of $60mm, with sustained growth of more than 20%. Product lines have expanded from a twist shifter to a full line of drivetrain, suspension and brake components along with the recently acquired category of high end performance wheelsets. Operations have expanded from Chicago to include 13 locations, 7 countries and 2500 employees, optimally positioning sales, product development and manufacturing close to the customer base.

Value Creation:

SRAM's dramatic profit growth is the result of a combination of factors. These include:

- Product innovation and proprietary technologies.
- A unique and precisely targeted marketing strategy.
- Five strategic acquisitions that have achieved significant cost and growth synergies.
- A global management team that is second to none in the bike industry.

SRAM's core strength is product development. The group includes 260 people operating out of 8 locations around the world. Designers and engineers work together as experienced and robust teams to create the most exciting product portfolio in the bike industry. This group is capable of driving substantial growth within the bike industry as well as being the catalyst for a move into adjacent markets.

Built to Last:

SRAM was founded with a strong focus on the long term. The company is professionally managed, culturally enthused, and structured for growth. While profitability is good, it has been balanced by appropriate spending and investment to support significant sales increases and product development. The earnings and the organization are high quality, and the foundation is solid.

Objectives:

Given the scope and size that the company has attained, the Board, management and shareholders feel that it is in the company's strategic interest to find a professional equity partner. The partner the company is seeking will have a proven track record of supporting management and a long term orientation. The current shareholders are interested in retaining meaningful equity. The SRAM Senior Management group averages over 16 years of experience as a team and is committed together with the next generation of management to continue building the company well into the future.

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In the 2000s, cycling had become a respected competitive sport within the financial industry. In some ways, it had displaced golf for the up-and-coming younger generation. The announcement that SRAM was looking for a strategic investor was met with lots of enthusiasm. JP Morgan narrowed the first round of interest to about 25 firms. SRAM's team would walk through a presentation and teleconference process with each. Using that brief window into SRAM's world, as well as the ability to electronically peruse a data room with a ton of SRAM historical information, the investment firms would then make offers contingent on detailed due diligence. About 20 of the firms made offers, and after reviewing valuation, terms, and contingencies, SRAM selected which ones would move into the next stage.

The finalists were Lehman Brothers Merchant Banking (LBMB) and two other large private equity firms. It was now June 2008, and these investor teams visited both SRAM's Chicago headquarters and its operations in Taiwan. There was a whirlwind of professional diligence being done across the industry. Independent consultants were calling dealers and bike companies looking for opinions on SRAM and the industry's competitive dynamics to report back to their clients. An important benefit of this diligence was to bring the prospective investors up to speed on the industry and SRAM, but it also gave the SRAM and investor teams the opportunity to work together and to gauge the chemistry.

Final bids were due in mid-July 2008. The 90-day process involved hard work, late nights, and lots of travel on all sides. The pricing was similar across the three groups. LBMB's team, led by veteran investor Charles Moore, had distinguished itself as one of the two with the best SRAM chemistry. Then Charlie took it a step further and minimized the legal complexity, while the competing firm amplified the legal complexity. It was the last week of July. Charlie's team won, and SRAM signed a letter of intent to sell a minority interest in the company to LBMB with a targeted closing date of September 30.

August 2008 would turn out to be the ignition of the biggest financial crisis anybody involved had experienced in his or her business career. Nominally, it had started in March with the bankruptcy of Bear Stearns. But now it was heating up. Suddenly Lehman Brothers' financial difficulties were being featured in the news. LBMB was a solvent subsidiary of Lehman, but the parent company's financial difficulties and the news headlines hindered the closing process.

In a normal private equity deal, part of the funding comes from borrowed money. The borrowers' creditworthiness is established in a bank syndicate's eyes by the endorsement of the private equity investor, who is putting cash into the company. SRAM and LBMB were assembling a group of about 30 banks to provide funding. Maintaining the credibility of SRAM and LBMB through the closing process was essential, and with their world crumbling around them, the

banks needed to maintain their appetite to complete the financing.

Three weeks before September 30, the ground really began to shake. AIG was declared insolvent, and the U.S. Federal Reserve decided to bail out the insurer. Rumors were rampant that Lehman Brothers was in trouble or be subject to a similar bailout. Charlie and his team were working hard to keep the bank syndicate in line and their limited partners confident to get to the close. Then, on September 15, Lehman Brothers filed for bankruptcy.

Stan and the SRAM team had no idea what would come next. The good news was that SRAM was taking this step as a long-term strategic evolution. It didn't need the funds, and it didn't need the deal to close. After all the work, however, it would have been very disappointing not to reach the finish line. SRAM's September sales and backlog were at record levels. The financial crisis didn't seem to be affecting its business or the enthusiast-driven bike industry—not yet.

Charlie and Stan were on the phone frequently. Charlie was in New York working the banks and strategizing with his team to figure out how to get the newly appointed bankruptcy liquidator to free up money from Lehman Brothers to fund the contracted SRAM investment. The rationale was that LBMB, as a solvent and active separate legal entity, would be a more valuable asset in the liquidation of Lehman if the SRAM investment were completed. In the chaos of the moment, with the financial markets melting down and the liquidator stepping into the biggest bankruptcy in the history of the U.S., it was virtually impossible to see a path to completion.

The deal was supposed to close on a Tuesday during the week of the Interbike show. That was the second day of Dirt Demo—and ironically, the show was being held in Las Vegas, where cash is flowing one way or another just about all the time. Stan and the team all flew out as usual, arriving on Sunday or Monday. They had no idea if the bank syndicate and the limited partners of LBMB would actually fund on Tuesday. Charlie was hopeful, but not certain. There were many moving parts, and the markets remained in turmoil. On Monday, September 29, the Dow Jones Index dropped 777 points, the biggest one-day fall ever. Yet the deal funded and closed on time on September 30, 2008. This was an incredible feat, and evidence of the hard work and real talent of Charlie's team at LBMB.

The Recession

Though SRAM's September sales had set a record, by LBMB's second week of owning its stake, SRAM's backlogs had stopped growing. This wasn't what a new investor wanted to see. Furthermore, with the banking environment continuing to worsen, there would be little, if any, opportunity to get new financing if SRAM broke through its financial covenants. The patient but deliberate education process started with Charlie and the rest of the SRAM board sensitizing the senior management team to implications of tripping through the covenants. This was a new mindset. As a closely held private company, SRAM could rationalize just about anything. Now, with an outside private equity investor and debt covenants, there were new spokes to the wheel and a new tension. But while LBMB was sometimes the bearer of tough news, this was exactly the insight and discipline that SRAM was looking for in a strategic financial investor.

By the end of November, backlogs were going downward. Sales had frozen at retail. Credit had dried up for dealer and bike-brand financing. Bike companies were drastically cutting back on their orders to OEM factories, and consumers had stopped going into stores to buy kit-build bikes, a key driver on the aftermarket side.

The senior management team and factory managers put together a plan. Everyone was going to have to contribute. Coming back from the Christmas holiday at the beginning of 2009, Stan announced a hiring freeze and a stoppage to all discretionary travel and expense. Stan and F.K. each reduced their annual salary to $1. Senior management and staff recognized that their salaries might be reduced. Bonuses for model year 2009 were slashed. The goal was to get SRAM through the recession with its organization intact and its culture secure.

LBMB had their challenges as well. They had to figure out how to extract themselves from the bankrupt Lehman Brothers estate. They worked a number of angles, and in another demonstration of their financial expertise, they announced in March 2009 that they were buying themselves out of the estate and renaming themselves Trilantic Capital Partners. Charlie and his team were now able to get back to their job: looking for great new companies in which they could invest.

These were drastic times, and SRAM was up to the challenge. The team cut operating expenses year over year by 20 percent for the first six months of 2009 while maintaining gross margin in the face of a 20 percent sales reduction. It was a difficult but incredible business outcome by the team.

By late spring, the world had started sorting itself out, at least to the point where bike-minded people had begun to invest in their sport again. People could feel the engines turn back on.

Power for SRAM

The bike industry rebounded from the difficult economic times of the first half of 2009, driven by enthusiasts investing in their sport. In the spring of 2011, SRAM made its most important foray into electronics with the purchase of Quarq, an up-and-coming power meter company headquartered in Spearfish, South Dakota.

By measuring the torque that a rider exerts on a bicycle's crank arms over time, a power meter can reveal how intense a cyclist's effort is. Lance Armstrong was an early adopter of the technology, which aided his training for his Tour de France victories.

Quarq's founders were Jim Meyer, an MIT-educated amateur triathloner from Spearfish, and his wife, Mieke, a former rangeland manager for the U.S. Forest Service. The couple was living in Australia in 2005—Mieke was studying for her MBA, and Jim was training for what he hoped would be his first complete triathlon—when Jim found himself puzzling over the high cost of purchasing gear from SRM (Schoberer Rad Messtechnik), a German company. "I wanted to get a power meter to train for the cycling portion of the race," he recalls. "I couldn't figure out why SRM wasn't doing a meter that was easier to use and supported by better customer service."

It struck Jim that, given his advanced engineering training, he might be the ideal guy to make that meter. He had a well-honed entrepreneurial reflex. His father had quit his Spearfish dentistry office a few decades earlier to found RAMVAC, a company that made dental suction devices. "When I called my parents to tell them I wanted to start a power meter company, they were happy," he says. "Then they said, 'What's a power meter?'"

It took three years for Jim to develop Quarq's first model and earn the company's first dollar of revenue in 2008. His technology captivated Kevin and Brian of SRAM's Advanced Development department. "Kevin bought one of our meters and cut it in half and looked inside," says Jim.

In 2012, SRAM integrated Quarq's top-of-the-line Quarq Power Meter into its new Red group. And Jim thinks that eventually some of its power meters will be available at price points that put them in reach of even more cyclists. "The potential market for power meters is big," he says. "I say our customer is potentially any cyclist wearing Lycra."

The Long Term

Any private equity investment requires legal mechanics that enable the investor to sell its shares. The investor makes the initial investment in support of the promise it has made to its partners that in return for tying up their money in an illiquid investment, it will provide a higher return than what's available in the liquid stock market. Usually the investment includes a five- to seven-year trigger, and legally, it gives the private equity company a lot of control, because it has to be able to sell its investment to complete the commitment it made to its investors. The deal SRAM stuck with LBMB had a trigger date in September 2013.

In the fall of 2010, only a couple years after the LBMB—now Trilantic—investment, SRAM's growth trajectory was strong. Looking ahead at the growth of the organization and its potential, Stan and F.K. reached the conclusion that one day SRAM would have to be a public company. For years, F.K.'s response to the question of whether the company would go public was always quick: "No, that's too much paperwork." Now the view emerged that despite all the new regulations, such as Sarbanes-Oxley and Dodd-Frank, that the best course was to do the paperwork—to position SRAM for the future and to use a popular investment-banker metaphor, to do it while there was lots of runway out in front of the company.

Stan saw significant benefits as well to be being public. He spoke to the crew internally about where the company was headed and the benefits of being public despite the paperwork. He said:

- Being public sets our long-term capital structure, and it is one in which we will continue to have our hands firmly on the handlebars. Management and a board of directors with experience and appreciation for the industry we will be leading.
- Being public makes us financially stronger and more flexible. The disciplines and credibility involved in being public will let us raise new equity or new debt or use our stock as an acquisition currency.
- Being public provides financial choices to shareholders, and opens ownership possibilities to individuals aspiring to be shareholders. It eliminates pressures that over time can cause long-term private companies to break up.
- Public ownership and public company disciplines provide good tension to the wheel of how we operate and the strategic choices we make. We aren't just a business club of cycling enthusiasts; we are competitive as a world-class company.
- SRAM's public company status will improve transparency of our industry. We believe it will attract new investment capital to our industry, which will help grow the pie. Being public will also give SRAM a stronger voice with government as an advocate for improved cycling infrastructure.

In January 2011, SRAM's board decided to head down the path toward becoming a public company. SRAM decided to use JPMorgan as its lead bank and—counseled by Charlie and Gidon—to add additional investment banks to the effort. Stan, SRAM chief financial officer Mike Herr, and vice president of corporate development Brian Benzer dusted off their suits and flew to New York to conduct another "beauty contest." Emerging from this effort was a team of investment banks that included Morgan Stanley, Bank of America, Lazard Frères, Piper Jaffray, Baird, and Stifel Nicolaus Weisel.

March 2011 brought an eye-opening experience—drafting the legal documentation relative to going public. It would turn out to be a 200-page history and characterization of SRAM—cowritten, coedited, and wordsmithed by the investment banks and the legal teams of everyone involved. It is accurate, but this story is much more readable.

One of the challenges of going public is the valuation. As Trilantic was agreeing to sell its shareholdings before the normal trigger date, there was a minimum valuation that it wanted to achieve. Looking at the dynamics, it was possible that SRAM could start marketing its business during the IPO process and not hit Trilantic's target. In May 2011, the debt markets were very strong.

JP Morgan suggested to the SRAM team that it could hit the Trilantic valuation target by putting together a new bank syndicate and borrowing the money. The advantage for Stan and company was that, unlike when they did their bank deal in September 2008, these funds would come without any covenants and would essentially not be required to be repaid until 2018.

The SRAM team decided to take advantage of the debt markets, and bought back its shares from Trilantic in June 2011. In late July, the U.S. government's debt was downgraded by Standard & Poor's to AA, which was then followed by the start of the next phase of the Eurozone fiscal crisis. SRAM remains poised to be a public company, but it will launch its IPO when the markets are settled and it is the right time. This will be another step on a wonderful journey that began in an old warehouse in Chicago.

Giving Back

"Our experience in building a company," says Stan, "has been that most of the time you're fighting to move forward every day and there is little time to look around. Occasionally, though, one reaches a certain size or a moment to relax, and it's clear there's an opportunity to give back.

"We had just such an opportunity around Christmas 2004, when a massive Indian Ocean earthquake and accompanying tsunami ravaged Indonesia, Sri Lanka, India, and Thailand. We were fortunate that F.K. and his wife, Leah, were motivated to seek a way to help the victims beyond just sending money. This was an inflection point in our history; we learned as a company that what we knew about our industry could be leveraged in a humanitarian way to help victims of a tragedy. That tragedy could be a massive event such as the tsunami, or the everyday reality of people in less developed countries whose daily method of transport was walking. We learned that bikes could be the difference between life and a life in poverty, and we knew how to get them delivered. World Bicycle Relief was born."

Bikes can be the difference between poverty and education in the less developed world. But they also reduce traffic congestion, transportation costs, and pollution in the developed world, promoting healthier lifestyles and putting smiles on faces. Northern Europe, with its chilly winters and sometimes wet climate, has been a great example for the world in building infrastructure that makes cycling safe.

Safe places to ride mean people get out of their cars and use their bikes for short trips. In the U.S. there are 75 million trips by car every day that are less than three miles in length; 60 percent of the pollution a car emits is in its first 10 minutes of use. Yet in many circumstances, bikes are not considered a viable form of transportation, as governments supposedly working on behalf of their citizens lay down pavement that only accommodates car use.

In the early 2000s, Trek was a leader in building support around advocacy. Their premise was that more bikes were good for society, and more cycling infrastructure would create a bigger bike industry than would investing marginal dollars in marketing. Then they put real money behind it. SRAM supported modestly in the early years, but over time came to see the strength in the vision. As a final negotiating point to closing the private equity investment in 2008, Stan said to Charlie, "I am asking you and the two competing investors to improve your offers by four million dollars. This amount will be added to six million dollars donated by SRAM shareholders to create a $10 million pool called the SRAM Cycling Fund. The SCF then will spend these funds in support of cycling advocacy over a five-year period at about $2 million per year."

As SRAM hits its 25th anniversary, the SCF, led by Randy Neufeld, has spent approximately $5 million, with key advocacy initiatives in the U.S., Europe, and Taiwan. SRAM is looking to make a further contribution to the fund in the event the company goes public.

The advocacy support has been instrumental in securing safer and more places to ride around the world. The money is an important tool, but as Stan likes to point out, it is the sweat, patience, and efforts of the advocates that make the difference and get the work done.

Conclusion

This has been an imperfect and partial story of 25 years. Thanks for sticking with it. SRAM believes in the cycling industry and the benefit of bikes across society. We are a global team, committed and excited to help it grow. We'll try to keep better notes for the next 25.

Thanks,

Stan



TEAM

SRAM TEAM



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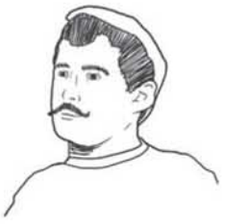
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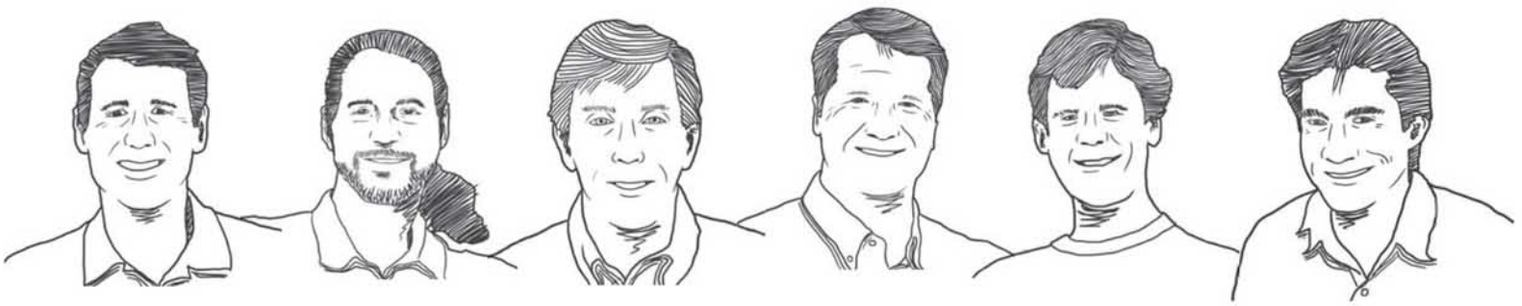
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FOUNDERS



STAN DAY

—

FOUNDER, CHIEF EXECUTIVE OFFICER
CHICAGO
STARTED SRAM IN 1987
RIDES A CANNONDALE ROAD BIKE

At the turn of the century, when he was young, my grandfather on my dad's side—Ray—had a bike shop in Seattle. I've got an old ad for his shop, and the picture in the ad has an iconic woman riding a bike. Ironically, it's the same image that Sachs used in ads for its internal gear hubs.

He raced motorcycles. And, later, he moved to Detroit and started a company called Aluminum Alloys that manufactured parts for motorcycles, automobiles, and the defense industry. He eventually brought my dad into that business. They sold it in 1966 or '67. Later my dad became president of Champion Home Builders, which manufactured mobile homes and RVs.

Around our family dinner table, we'd talk about business a ton and sports a little. I came from a business family. I was fascinated by business. That's what I would talk about when I was in grade school and my dad would come home from work. I would sit around and talk with him about what he did and why he made certain decisions. I'd ask him why he couldn't do certain things to grow his business. And I would think I had the right answer. And Dad was patient. He would answer all my questions.

I studied business at Tulane University in New Orleans. I met Scott King there. When I graduated, I went to work selling acoustical ceiling systems in Texas. I'd go see these architects in southern Texas for Conwed, and with my Yankee twang I would spec out these ceiling systems with them. So later, when the building got to the construction phase, it was our ceiling system on the architectural drawing. I'd still have to complete the deal with the contractor, but if our system was specified on the drawings, I had a big advantage.

So I learned how to sell. You have to go in with something to talk about. They have to reveal something about what they're working on. You have to either have something for them or you have to have something your products group can modify to suit them.

I finished my MBA at Northwestern University in 1984. I got a job at Molex, which makes electrical connectors. They made me a marketing manager for personal computers and telecom. It was really exciting, because I'd call Compaq and Apple. I remember the lobby of the Apple headquarters had a Harley-Davidson and free, fresh juice. I called on Hewlett-Packard. Later, when I took on telecom, I'd talk to AT&T and GTE and Tellabs. And that's where I learned the OEM spec-selling process—it was the same situation I had when I was selling those acoustical ceiling systems. And it's a lot like the way we sell bike parts today.

Molex was interesting. I meet Mike Mercuri and Jeff Shupe there. But Molex was also a pressure cooker. There were a ton of ideas out there in the tech industry at the time, but Molex had a very limited capacity to respond to them. I'd go to engineering and say, "I've got a customer who doesn't need what we have, but who needs this instead. Can we do it?" The answer was usually that it wasn't bigger than other priorities the company had, so no.

At SRAM, we have that same situation today. It's frustrating, so we try to have capacity debates way up front. In 2011 we're trying to figure out what to focus on for model year 2013. There's some debate. But once it's decided, off we go.

At Molex, I started riding a bike to help unwind from the job. I had a racing bike with friction shifting. F.K. had a Centurion with some of the early Shimano index shifting on it. I was training for a triathlon that I planned to do with Scott King in Saint Louis. I was out riding in Chicago several times a week, surrounded by taxis, buses, crazy drivers, and potholes, and I was trying to hold my cadence at 90 rpm. Since I had friction shifting, I had to fine-tune each shift. I kept thinking, It's hard to reach to the downtube to shift gears because of traffic, or potholes, or whatever. I'd be tired and think, It'd just be easier to be able to shift on the handlebars. I thought it was kind of common sense.

Later I went on a cycling trip to Cape Breton, and that reinforced the feeling I had. I went with two cousins, Nicole and Greg Piasecki. I'm going up and down hills with cars whizzing by. I really wanted to stay in my lane. I didn't want to look down to shift. If I had been a great biker, I wouldn't have needed it. But I wasn't a great biker, and I wasn't comfortable out there. So the idea of a twist shifter hung in the mind as an opportunity.

In February 1987, I left Molex. My dad had an idea to buy out the RV division of Champion Home Builders. I was going to be the finance guy on his team. Three weeks after I left Molex, we made our pitch to the Champion board. But our bid was rejected, and I was out of a job.

So I had nothing to do. I went skiing with a buddy of mine from business school. His older brother is Sam Patterson. And we're riding the chairlifts together between ski runs. And we start talking about business.

I gave Sam my three best ideas. One of the biggest problems we had at Molex, I tell him, is that we can't find a way to experiment with connector designs because it takes so long to make molds. If we could make molds in one month, it would be huge.

My next idea was a continuously variable transmission for bikes. Back then, you wanted that steady cadence when you were pedaling. But nobody had a system that gave you infinite choices for gears.

My third idea was for a twist shifter at the end of the handlebars so you could shift gears without looking down and without taking your hands off the handlebars.

Sam said, I don't know anything about molds, and the MIT guys have been working on a CVT for bikes since the 1950s without success. But, he said, I can design a pull-release cable system that works on the handlebars.

When I get back from my trip, I start studying the bike industry. I figure out that it's relatively large, and maybe we can just build a shifter and sell that. Then in the first week of May of that year, Sam calls and says, I've got this prototype of a twist shifter you should come out and try. So I flew out. And I rode the bike and it did exactly what I thought.

The first one Sam built was a simple worm gear. It worked. It pulled and released cable. It twisted, and it was at the end of the handlebar. But Sam didn't like it. He said he wanted to try again. And I told him to try to come up with something that would index, too.

Then he came up with the helical cam. It was ingenious. His shifter did with one part what Shimano's index shifters were taking 25 parts to achieve.

F.K. had already started a business focused on advanced composites. He thought we could sell containers made of high-grade plastics to store low-level nuclear waste. He had a little space at a building called the Fulton-Carroll Center, on West Carroll. At the turn of the century, they'd made manhole

covers there. And F.K. had rented that for $1.25 a foot. We said, That's a reasonable place to be, so let's move in. When you're starting off, you're bootstrapping. Nothing is too cheap.

As we looked to put together the team, I was convinced that Scott King, my fraternity brother who was a lawyer and had started businesses, could come help us start this. So he joined us. Sam, of course, came as the engineer. Then I added Mike Mercuri from Molex to run sales and brought over Jeff Shupe as the operations guy. He was one of those people who could juggle a hundred tasks at once.

When we unveiled the product in January 1988, we discovered two things. First, nobody was focused on road bikes. All the action and attention was on mountain bikes. The OEMs were letting road business coast. It was hard to get their attention on the road-bike side.

The second thing we discovered was that the main player in the industry was going to block us. People kept saying it: Shimano will never let you do that. We didn't know why. They were making derailleurs that worked really well with our shifters.

We began to see the price sheets for Shimano components. They would have two columns, one showing the price of the part if you bought the full group, the other showing the price if you bought a partial group. The more we got into the industry the more we learned, and Scott King saw that they were violating antitrust law.

By the following year we were pretty sure the only way we were going to break in was to change Shimano's behavior. The lawsuit we filed hinged on two things. One was, we wanted to show they were tying the sale of components to each other. Two was that Shimano was a monopolist. Monopolists play by a special set of laws, and you are not allowed to tie together components like that.

So while we got our lawsuit ready, we did what we could in the aftermarket. We were selling directly to dealers. We'd go to big bike shops and meet guys like Jim Hoyt at Richardson's in Dallas. We'd get in cars and go around the country and call on retailers, and demo the product.

Then we got Grip Shift onto Bob Mionske's bike. During that summer, we'd all roam around to the events; we'd go out with our drills and our shifters and offer the gear to racers. We got the shifters onto Bob's bike at one of the crits. And lo and behold, he qualified for the Olympics and ended up missing a bronze medal by less than a rim width.

We got a favorable settlement from Shimano in the fall of 1990. Then Sam developed Grip Shift SRT 100, and that opened the door. In February 1991, Merc closed specs with Trek and a few other OEMs. But when we met with the companies that were manufacturing the bikes for Trek, they said, You're not going to deliver the product from Chicago.

That's when I went to Taiwan to set up a factory for us. Taiwan was not as chaotic as, say, India. You didn't have bulls and elephants in the streets. But the traffic was chaotic. Nobody stopped at red lights. It just didn't happen.

I paid $100 a day for a car. I'd travel around and visit suppliers and try to find the parts we needed to make the SRT 100. I'd do that all day long. I'd come back at night and write 20 or 30 pages and fax it all back to Chicago. After staying in an expensive hotel for two weeks, I finally found the location of a factory: the Falcon campus. It had a lean-to for inventory. I moved to a hotel that charged $35 a night. And I had my bike shipped over—we were too cheap to buy a car.

Come late May, we still couldn't ship parts. We were still tweaking the design. May turned into June. Then June turned into early mid-July. And Trek was screaming at us. I'd get in a taxi to the Merida factory to keep them calm. I'd beg: "We'll have it for you next week."

The guy I'd meet with was Jack Lin. He was a great guy. Merc was first to meet him, and we had a relationship with him. But when I'd go into the factory and talk to him and tell him parts were coming, there'd be a little shouting for sure.

We got to the second week in July and the bikes were already six weeks late. Trek was screaming for bikes because they'd promised their dealers bikes. Merida had a hole in its capacity that they hadn't planned for, so it was like they were flying an empty seat on an airplane. We had all these people saying, I told you so, because you broke the Shimano group. The noise was coming to a crescendo.

We had weak design—we were screwing barrel adjusters directly into plastic. Our testing had proven it was OK, but in production it was clearly not strong enough.

I finally got one last tweak on parts, and we produced our first pallet of shifters. The Trek representative, a guy named Steve Shih, came over to inspect our product. He wanted to sample what we were getting ready to ship over to Merida.

So I strung up a test bike just outside our hut, I mean factory, in the blazing July sun in Taiwan. I put on a set of shifters. I tensioned the cable. I started shifting. I shifted the front first, then the rear. And I was showing Steve that it was all working fine. And he was now playing with the shifter that controls the rear. And it was working perfectly.

Well, at that very moment, I noticed the front. And the barrel adjuster just went: Pffft. I thought, Oh shit. It slid right in, the plastic threads stripped by the tension on the derailleur cable. Now the front derailleur was out of adjustment. But Steve didn't see it, and I didn't tell him.

Fortunately, not all the parts were bad. We shipped to Merida and bike production started, although at a much slower than programmed rate. Trek then suggested that bikes be shipped without shifters, if SRAM would agree to airfreight catch-up production to the U.S. and put the shifters in bike boxes when the bikes arrived at their warehouse. That became the new plan for the next couple of months.

Ultimately SRAM delivered, and though a quarter step from the cliff's edge, Trek stayed with them. When Stan and his crew arrived at Interbike in the fall of 1991, Trek's representatives were happy to talk about their plans to use Grip Shift on 1993 models. And with word getting around about how SRAM had hustled to make up for its mistakes, some other manufacturers, including Diamondback and Schwinn, were ready to spec SRT shifters on some of their lower-end mountain bikes as well.

About a year later, I went to a Trek event in Waterloo, I ran into the wife of Tom Albers, the chief operating officer of Trek at the time. She asked me what I did, and I said, "I'm head of SRAM. We make twist shifters." She looked at me with anger on her face and said, "My husband couldn't sleep for two weeks because of you."

I now know that mistakes are painful, but they're part of growing. We've worked really hard to empower all our people. If you look around here, you'll find out there's not a lot of top-down decision making. We do top-down empowerment and bottom-up decision-making. That means letting people make mistakes. It can be frustrating, but it's how we've grown.

We've let people here take responsibility for their work. That means giving them the opportunities to sometimes make bad choices and make bad decisions. But if, as a management team, we sat on them too much, if we didn't all learn from our mistakes, we wouldn't have a chance to be great.



F.K. DAY

—

FOUNDER
CHICAGO
JOINED SRAM IN 1987
RIDES A SWISS ARMY BIKE

When I was a youth, the declaration "Customer was king" concluded most conversations around our dining room table. That, or our grandfather's words: "You never plant a tree for yourself. You plant it for your children and your children's children."

Both our mother and father had grown up in and were operating in business environments. They steeped us in manufacturing, markets, quality, product development, and the unwavering pillar of integrity. We learned real-life stories of how each of these was integral to success.

At an early age, we would offer our parents our insights on how to improve businesses: "You should really think of making that sooner with higher quality at a lower price."

Some days, Dad would take us down to the plant and drive us around in a giant steel basket, high up on the front of a forklift. (Luckily, he didn't leave us up there.) Watching the workers making things that people needed heated our imaginations—another wonderland to explore.

Not yet 10 years old and a year ahead of me, Stan developed his business acumen (cough, cough!) faster than I did. I needed a new trick to get some attention at the table. I bought my first bike from a neighbor. It was a chewed-up, first-generation Sting-Ray. While Stan was talking business with Mom and Dad, I would be trying to get their attention, popping wheelies and jumping milk crates into Lake St. Clair. I'm not sure I got anyone's attention, but I got Stan's allocation of long pants and Band-Aids.

I didn't realize until later in life how close-knit our family was. We were four siblings in descending order: Vivian, Stan, me, and Lincoln. We first three were Irish triplets, all less than 25 months apart. We always kidded that Lincoln, four years behind me, was found on the doorstep. (Lincoln worked at SRAM during the early years and, among other things, helped start our European operations.) Mom and Dad encouraged us to bond together as a family, yet to think for ourselves and be independent.

They were married for almost 40 years before they died, and through their example, they taught us the importance of family. As individuals and family, we all invested in SRAM and Stan's vision.

I always thought that Stan and I would go into business together, but our paths to get there were very different. Stan followed a powerful business trajectory like he meant it. I did not have a real plan.

After I got the boot at Hotchkiss, where Stan went to high school, I found South Kent, a boarding school with more freedom. As I neared graduation, I heard about some Irish priests doing work in the inner-city favelas of Brazil. So instead of going to college, I loaded a backpack and moved to São Paulo, where I lived in schools we were building. The favelas were inhumanly impoverished. Community fabric served as the only safety net, and individuals flowed through it like water through cupped hands.

I realized there that our business discussions around the dining room table were as much about creativity, passion, and tenacity as they were about ensuring quality products on time. Our parents' stories embraced life with a backdrop of economics—and imbued family with the backdrop of business, trust, and integrity. And hey, I'm not saying this is good or bad parenting, it's just the way it was.

In Brazil, I got nasty sick and ended up packed in a São Paulo government clinic with the rest of humanity for two weeks of quarantine. If I'd been a cat, I likely would have used up a few lives in that horror show. I moved back to the U.S. to recover, and with new questions about life I went off to Wayne State University in Detroit and Tulane University in New Orleans. I focused mostly on economics, which went great. But I also wanted to develop my Brazilian Portuguese, which I spoke really well—except that no one could understand me. After drifting around in Tulane's systems and spending time in Audubon Park hitting golf balls at foreign ships on the Mississippi, I decided to leave school for good.

OK, almost for good. I had put a lot of thought into that river. The logical next step was to head up to the mouth of the river and kayak the length of it back to New Orleans. So that spring, Stan, who was now at Kellogg B-school, drove my kayak, my camping equipment, and me up to the mouth of the Mississippi. Just before leaving, we determined that the mouth was still frozen over, so we put in a bit downstream where the water flowed and you could wade across—if you didn't mind an ice cream headache from the cold.

For the next two and a half months, I paddled, drifted, camped, and partook in that river. It overflowed with

nature, history, and economics. I traveled 2,300 miles of one of our country's main arteries, through villages and cities, through nature preserves and the 28 locks and dams. I paddled side by side with swirling river junk and giant river rafts five barges wide by seven barges long. Their "tow boats" only pushed and were essentially floating engines. They hissed as they approached and moved a wall of water that made the water line drop at the river's edge and left five-foot standing waves and whirlpools long after they had passed.

My home for two and a half months was a forest-green sea kayak just over 17 feet long, made out of Kevlar and foam core. She was light and fast, with a long glide and foot-operated rudder. By the last thousand miles of the river, I could do more than 100 miles per day. Her more important trait stood out on impacts. I hit underwater rocks hidden in the murk and trees as they tumbled in whirlpools. I was even struck by a curious boater who stared at me until we collided. By the time I got off the river in Audubon Park, where I used to hit golf balls at freighters, I was sold on advanced composites—particularly Kevlar.

Aside from working at a lumber camp in northern Ontario, pushing 16-foot trees through a two-story band saw, my favorite pre-SRAM job was working at a mobile-home manufacturing plant in North Carolina. I'm not here to tell you about how great those shoeboxes were, but only to say that if you want to take the mystery out of your home construction, then go work for six months in a mobile-home factory.

Someone once said, "If you want to know the maker, then look at what they have made." Every bit of our history and every fiber in our bodies went into starting SRAM. Stan had a vision, Sammy solved the first equation, and all of us—Merc, Shupee, Scotty Dog, me, and many others—fought it into life. SRAM's first breath was not super pretty, but it was breathing. We were a flat, circular organization in the shape of a pancake where every activity supported the next.

I had no doubt that we would constantly improve and figure out how to succeed no matter what. Evidence of this would come from all corners of the organization:

• Sammy working late into the night. Sparks off the grinding wheel making shadows in the third-floor windows of our loft space, above a street patrolled by rats and drug dealers.

• Merc leading us in our first visit to Taiwan and taking the bus to visit factories in a suit while carrying two bikes. Beat that!

• Shupee doing everything. He took Sammy's elegant prototypes and—the ones he didn't break—figured out how to make lots of them repeatedly.

• Scotty developing our business and accounting structure during the night, and fighting to break into the triathlete market by drilling tri-bars during the day.

• Stan, the ultimate leader, always trying to make the team better and leading by example, like when he swam across Lake Geneva to Ed Schwinn's house to explain why Schwinn needed "total control in the palm of their hand."

Fitting 10 people into a hotel room and sipping beer for meals is not necessarily the recipe for success. But when we were together, sharing vital information and encouragement, it fueled our direction. In the bad times, we knew the good times were just over the horizon. In the good times, we were thankful—then set the bar higher.

We started SRAM with a big idea and a small group with hearts like horses', all provoked by the vision of making bicycling better. It did not happen right away. We had to listen, learn, and fight for every scrap of dirt. A culture of open, honest communication and teamwork developed and stuck. Somehow, that prevails as our common DNA, or at minimum our aspired-to DNA.

I'm not sure what success means, but I think SRAM became a more complete company when it started World Bicycle Relief. It is like bringing the ends of a partial circle closer together. We fight to put the highest-performance components into the hands of the most elite racers in the world. We fight to jazz up the fun and performance of one's leisure time or commute. But fighting to put a bike into the hands of a mother trying to feed her children, or into the hands of a girl fighting for her education, has helped make us a more complete company. Whatevertheheck that means.

To the best of my knowledge, most of us founders of SRAM still have a few good years left in us. But today, it is the powerful and unique individuals from around the world working as a team that will make this 25-year history book relevant in the next 25 years. I know that you will close the circle. As long as we stay out of the way and don't muck anything up.

JEFFERY SHUPE



FOUNDER AND CHIEF OPERATING OFFICER
JOINED SRAM IN 1987
CHICAGO
RIDES A SPECIALIZED ROUBAIX

I don't remember the exact moment we got the settlement with Shimano. I was so focused on the product. The fuel in my fire was getting to the next product. So my memory of that time was all about Sam Patterson trying to give us the next big thing. We'd collaborate and say, How are we going to make this better? Then as we were developing it, you could see the potential of his new design.

SRT stands for "size, rotation, transition." That was the mantra. The mountain bike craze was on. So Grip Shift absolutely, positively had to work with mountain bikes. Sam finally brought us the first one after Christmas 1990. It had a welded housing made out of steel. He'd machined it down himself. There was no more helical cam. It had something he called a "shovel cam." When Sam came back with that prototype, I wondered, "How do people invent things?" Sam's mind is wired for it.

The new shifter had less rotation, better forces and things. So at the same time as the lawsuit had come down, we had this new product coming up. So it was a perfect storm. This was going to be an OEM home run.

We showed it to Trek and were getting early signs that they were really interested. Then Stan took it to their manufacturers in Taiwan.

The big manufacturers in Taiwan are Giant and Merida. Merida was building bikes for Trek back then. Merida was going to build the Trek 700. This was going to be a high-volume, $300–$400 "hybrid" mountain bike. We realized that this business was bigger than we'd thought. This was the dream order. This was hundreds of thousands of bikes.

Our plan was initially to build in Chicago and ship from here. We had better control of quality in Chicago. Then Merida and Giant both said, "Well, you have to produce it here." We were still manufacturing our stuff at Fulton-Carroll in Chicago. We hadn't even released drawings yet. But they were saying the lead times are just too long from Chicago. That's when the scramble started for us to build a factory in Taiwan.

Stan had gone to Taiwan in what was supposed to be a two-week trip. But he never came back. He found us a small factory there. Trek was still building a few bikes here and also in Taiwan. They were building some in the U.S., so we figured we'd do the same. So I started tooling up here in Chicago and coordinating with Stan in Taiwan. Then I went over there in the summer, and he returned, and I took over operation of the Taiwan factory.

Over in Taiwan, Stan worked with Falcon, an entry-level derailleur manufacturer. The manager at Falcon agreed to give us a shack in the back of his factory. Taiwan was so hot and humid. Our shack had a squatter a few feet away for a bathroom. You'd use the bathroom, walk back to your workstation at the shack, and a minute later you could smell it float by. Our hotel was 8 or 10 miles away, and we had to ride our bikes everywhere. We had to figure out how to get stuff done in that environment.

F.K. flew in and built out the factory. He did it himself. He built all the assembly tables we used. I bet the company had 200 of those tables at some point. F.K. got there about a week before I did. We'd go to a local hardware store that we jokingly called Sears. We didn't speak Mandarin, so we'd take a McMaster-Carr catalog in there and show them what we wanted. The aisles were so packed with materials you could barely get through. We'd buy everything from posts to plumbing.

F.K. worked with two Chinese engineers, Frank and Chia. Chia was a real character and a great engineer. He had his own mind. And he spoke good English. He talked to local suppliers and machine builders and really helped us.

But we weren't delivering. We had new tools. It was all new tooling for SRT. We had a great plan to build replicas of our Chicago machines. We even wanted to swap tools back and forth between the two locations, but it was such a mess. We had constant design changes. Of the three machines we set up, none was robust. Nothing worked exactly like it was supposed to.

Some of the biggest things we had to work with were the springs in Sam's new shifter. They were made of Delrin plastic. Delrin is a hard, smooth, very high-wear plastic that's so durable you can use it in a hip replacement. The springs would go into the SRT shifters and they helped create a distinct clicking noise when you changed gears. And we designed this spring so that the shifter wouldn't accidentally release cable in the wrong way. But you wanted friction in the other way when you pulled cable. We had so many versions—I'll bet it was 50 of them. The spring had to feel right. It couldn't be too strong, because then you'd have too much friction. Too loose would cause a misshift. And each time you made a revision, you had

to wear-test and endurance-test the springs. Each time there was a revision on that spring, everything else was different, from tool parts to machine parts.

And that wasn't the only tricky piece of what we were doing. We were machining plastic threads. If you didn't machine the threads just right, the barrel adjuster would pull right through. That was another one of the big problems we had.

We were definitely late on our first deliveries. We were working so hard. We held them off, and a couple months later we got the product to them. But even as we shipped the shifters, we had to make changes and update. We had to improve to hit an acceptable quality level. It was never perfect. We were still making changes the next year.

We even shipped some product where we had to replace shifters that were no good. I don't recall going to Long Beach myself to throw shifters into Trek bike boxes, but it happened. I sent people in customer service to Long Beach to do it. And we shipped bikes without shifters, then installed them here.

I'll never forget Fred Drenhouse at Trek. Fred passed away in 2009, but he was the purchasing manager at Trek back then. He was in charge of us. We had always wanted to do business with the big boys, and Fred was the biggest. He was six and a half feet tall and weighed 280. He'd say, "You guys better deliver this. If you don't, I'll crush you guys." He might have been joking, but you really didn't want to push that joke.

But we got it done. We became a legit OEM player. We probably shipped 200,000 systems that year. The next year, we made a couple of changes and we shipped 300,000. Then 500,000 the next year and a million the next. It was like that.

Once Trek bought into Grip Shift, others followed. The Trek 700 was a huge best-seller.

After we finally delivered our first orders of SRT, Stan came and said, "Jeff, you take over Taiwan." It was my responsibility as manufacturing director. I eventually ended up living there. We started doing more volume out of Asia. We were only in that first factory for a year. I built another 30,000-square-foot factory, called Daya, for year two. We built that in 60 days. Then we moved into our current facility in 1994. Eventually we were doing more from Taiwan than the U.S. We kept our operations here going for a while. But ultimately we shut it down.

I led manufacturing for 20 years and lived in Hong Kong from 2001 to 2007, during the era when the company bought RockShox, Avid, and Truvativ and grew from $100 million in sales to $400 million in sales. Now I'm chief operating officer here. This past February I rode a bike loaned to me by a friend. It had down-tube shifters. It was interesting riding that bike. I pointed to the shifters and I told him, "My company was started just to eliminate these."



SAM PATTERSON

—

FOUNDER AND LEAD INVENTOR
DE LEON SPRINGS, FLORIDA
JOINED SRAM IN 1987
RIDES A 1960 MATCHLESS TYPHOON G80TCS

The first Grip Shift prototype I built in San Diego did pull cable, and it did index. But the indexing had no correlation to the actual gearing. The mechanism looked just like a corkscrew, so that's what we called it. The shifter didn't work as an indexing shifter, but it was still way more fun than taking your hands off the handlebar to reach for a downtube shift lever—way more fun. Stan and I felt that we were onto something.

I rode my bike up and down the boardwalk in Mission Beach for weeks, wondering how to make it index. Eventually I noticed that if I shifted one and a half clicks past my destination gear when pulling cable, then released the extra cable pull, I could get the gear I wanted. Then I reversed the process and noticed that when releasing cable, no overshift was needed in the releasing direction. In other words, if I always arrived at a destination by releasing cable at least one and a half clicks, the "indexing" would work.

But then my thoughts were interrupted by a big ruckus down the beach. A few minutes later, I had dragged my bike across the sand to get a better view of the peaks and valleys competing for attention in the Miss Mission Beach Contest of 1987. My imagination was duly tweaked.

At 3 the next morning, I woke up from a dream in which I'd been visualizing a projection of the input onto the output as a helical cam with peaks and valleys. The peaks were the overshift, and the valleys were the detent positions. I made a quick sketch, went back to sleep, and called Stan when I woke up again. I made a better sketch and took it to work to show my buddies. That was July 15, 1987, at 11 a.m.

This new mechanism had no purchased components and would require a mill and a rotary table to machine the helical cam. My friend Bill Hagey—the founder of Deep Sea Power & Light and the first person to kayak into a pack of whales, then flip over and videotape them up close—offered to open up his machine shop from 6 p.m. to 6 a.m. and help me machine the parts.

Stan took a ride with the new indexing and called me from a phone booth. I was in the shower, so he left a message. I still have the message. The indexing was working perfectly. Stan was impressed.

I was happy to have proven the overshift theory, but I had at least six other ways to skin the cat already in my sketchpad. I wanted to test them all before picking the winner and going into production. That's because I am an inventor. I like to build and test everything.

But Stan was so impressed by the working prototype that he insisted we hire Herbst LaZar Bell in Chicago to put some ID on the outside and tool it up as a product right away. His idea was to let "the voice of the customer" evolve the product as needed. That's because he had worked as a technical salesperson and was used to paying attention to the voice of the customer. I wasn't actually familiar with the term.

Stan asked me to relocate my activities to Chicago, but I didn't know any prototype machinists there. So I quickly sketched up some lab equipment and a custom polar coordinate tracer mill, which I called the Helical Cam Machine. It and several other pieces of equipment designed to quantify cable friction, cable stretch, cable displacement, and derailleur displacement were built by Cal Williamson in El Cajon, Calif.

The Helical Cam Machine turned out to be the sword that hacked through the Gordian knot of Shimano's defense argument in our first antitrust lawsuit against them. They argued that our product-development lead times would have physically prevented us from filling the orders in question anyway—and that we were therefore crying over nothing. After five days of depositions, it became apparent to Shimano's lawyers that the Helical Cam Machine (which we also used in volume production) cut our lead time over conventional methods by at least a factor of 10. Immediate settlement ensued.

We sold Grip Shift into the triathlete aftermarket initially and paid professional bike racers to use it. The racers always wanted more and more speeds. The cam started to overlap itself and became susceptible to damage if the back of the grip hit the ground in a crash. Racers were threatening to stop using it if we couldn't improve the durability immediately.

So after we won a settlement from Shimano, we started over. The new initiative was called SRT, which stands for size, rotation, and transition. We knew that the customers wanted a smaller twist grip with less rotation and a smoother transition between the twist grip and the stationary grip.

Tweaking this from a helical cam was like asking a cow to walk down a set of stairs. It's just a physical impossibility.

I tried and tried, but it just didn't work. It was almost Christmas of 1990, and I was pretty discouraged.

I decided to visit my parents from Christmas to New Year's. They had a quiet office over the garage. I found my old sketchpad from my San Diego days and resumed sketching—anything but a helical cam.

Greg Herbold had pointed out that we should put the mechanism on the half inch of exposed handlebar between the grip and the brake lever. I confined my sketches to mechanisms that could fit his design envelope. At the end of the week I had a half-dozen different mechanisms to try. I couldn't wait to get back into my shop and try them all.

I needed leverage and durability. I was always impressed by the extreme leverage that occurs when you grab a length of cable running along the down tube and yank it—sideways. The first piece of Shimano literature I had read advised to use a rag to protect your hand and then yank sideways on the exposed cable to "seat" the cable fittings before reclamping and readjusting the cable during anew installation.

I revised an early sketch. I replaced a radial cam displacing a cable socket with a radial cam that had the cable wrapped directly around it. I also fixed the end of the cable to the handlebar so I could force the cable radially outward, i.e., "sideways." That was January 3, 1991.

In the next few weeks, I tried shovel cams that produced the motion and power equivalent to that produced by simple spools from .5 inches to .9 inches in diameter. Eventually, I settled on .6 inches.

The first shovel cam was ready. But though the cable-pulling mechanism worked well, the detents felt like a dud. I had attempted to provide for less detent force in the cable-pulling direction than in the releasing direction to compensate for the torque on the twist-grip due to cable tension. I was attempting to mask the fact that it is easier to release the cable than to pull it. I left slop between the leaf spring and the spring cavity to provide overshift in the cable-pulling direction. The theory sounded good, but the riding experience was unrewarding.

But the shifter functioned well enough to ride, so F.K. spent the next day field testing it. The unit worked, but the detents were very erratic. Management was discouraged and asked me to return to the helical cam that the company was familiar with. But I knew that the new mechanism fit into the right design envelope to enable SRT to be realized. The helical cam never would.

So I persisted developing the shovel cam. In another conversation with Johnny Cheever, he suggested that differential release torque of the detents could be achieved more simply by making the contact angles on the release side of the detent notches steeper than on the pulling side. Voila! It worked, and the detents suddenly had a pleasant "pop."

Management's spirits were lifted. I outfitted a bike with both front and rear shifters. After Stan and Merc took their first test lap around the indoor track, they high-fived it and started carrying the bike around screaming, "Hot tub! Hot tub!"

The next day, Stan wrote up a new company prospectus announcing that the shovel cam was now SRAM's "flagship" product and that the helical cam would take a backseat. The prototypes were painted black and doctored up with putty and electrical tape. Some of the factories they visited assumed that the shifters were already tooled up and expressed interest immediately.

Pretty soon, inquiries and orders were falling out of the fax machine from all over the world.

MICHAEL MERCURI



—

FOUNDER, VICE PRESIDENT,
PRODUCT AND MARKETING
CHICAGO
JOINED SRAM IN 1987
RIDES A SCOTT CR1

There was this event called the Tour of Texas. It launched the U.S. pro season every year. It was like the spring training of cycling. We got the name of an individual from the United States Cycling Federation from Pat Murphy, a former Schwinn employee and industry consultant from Chicago. Anyway, we took Grip Shift–equipped road bikes out to Colorado Springs, gave the USCF our best pitch, and told them we were looking for top amateurs and professionals to race the product. They gave us a strange look but ultimately said: Bring it on.

The deal was they would charge us a sponsorship fee and give us four of their racers from the national team. They would be branded Grip Shift, wearing our jersey. They'd ride the product and give us feedback, and we'd the get racing and media exposure we were hoping for. We said yes in a heartbeat, and our first sponsorship agreement was sealed.

We rented a minivan and met up with the team in Corpus Christi, Texas. We followed them throughout the Tour of Texas, and stayed with them for the entire race circuit that summer. We spent our time serving as neutral support for the racers, picking up every ounce of knowledge we could about racing, and meanwhile coaxing their friends to try "Grip Shift."

All this culminates in the national championships, held in Spokane, Wash. It was there that we commandeered a secondhand motor home. We parked it each day right on the campus where the championships were being held. By this time, our racers were well supported, so I spent my time beating about the venue, hoping to convince more racers to try Grip Shift. Our riders would give us names of other racers who they thought might be interested. I would go to the dorms and cafeteria in the middle of the day when they were resting, saying, "Hey, you want to try Grip Shift? We've got mechanics here at the event and we can install it on your bike whenever you want."

Meanwhile, Stan, F.K., and Shupe are out in the courtyard with bike stands, drills and a tool kit, ready to install the shifters before the next day's event. Now, most athletes are saying, "You know man, I can't do that, because it's nationals, and I'm afraid to change the setup I have." Well, we learned over the course of the summer that those words were often code for, "I don't want you to drill out my handlebar, and your SRAM bar isn't the right size." In that case we'd say, "Well, what if we get you a new handlebar just like the 44 Cinelli you have now? We'll install Grip Shift, and if you're not satisfied, we'll change it out and put your old system on with a new bar." The response to that proposition was almost always yes. I'd call Nashbar to get the guy his 44 Cinelli and have it FedExed to us on-site the next day.

That was the craziest, longest, hardest, hottest summer ever—and the best. We would grind all day at the event and then go out at night and drink beers with the team coaches and other sponsors. We'd get one motel room and the four of us would pile in with bike bags and tool kits. We'd flip a quarter to see who got the bed, and we'd alternate running for coffee in the morning. Wild times. We were kissin' hands and shakin' babies—whatever the hell it took. Still my favorite memory.

Most of the racers we were able to hook were criterium racers and sprinters who liked the advantage of shifting from the handlebar: Jim Mahaffey, Leonard Harvey Nitz, and others—guys that were fast and fearless in the corners. But we had our share of high-profile road racers, like Gavin O'Grady, as well. Bob Mionske was one of those road guys.

Bob was tough as nails, a classic Wisconsin-bred, square-jawed, straight-up athlete. He was great. And he loved Grip Shift, and he was authentic at extolling its virtues. Bob won a spot on the 1988 Olympic road team. He was under contract with Campagnolo, so he was obligated to ride their components.

The problem was that at the time Campy was only in the beginning stages of embracing index-shifting technology. So we had to customize a Grip Shift to make sure he could index shift the Campy components. Once again, Sam pulled off a miracle. The summer Olympics were in Seoul that year. The course was long but for the most part flat, the perfect course for a workhorse like Mionske who could also pull off a strong sprint, or so we were told. The fact is I had no expectations going in, just hope.

I never imagined for a second I'd end up watching a photo finish. I can remember following the race at home with my dad—there's Bob in a close-up with that shock of blond hair, wearing the blue jersey with white stars, and Grip Shift in plain sight—unbelievable. He comes within a half a tire width of a bronze medal, which is revealed in stop action after a commercial break. In the moment, I was crestfallen, but it didn't take long for all of us to realize that Bob had just delivered a great story and that we'd be able to create an entire campaign around it.

As great as the Olympic experience was, we were still a long way from breaking through in the market. But then, in late 1991, three major events came together to create what I would describe as our Big Bang: the settlement of the antitrust lawsuit with Shimano, the introduction of our new SRT-100 Grip Shift, and the emergence of the 700c hybrid bike in the dealer market. So now the market has been freed up, we've introduced a completely new generation of shifters, and the industry offers up the ideal bike for our shifters. Trek, Specialized, and a host of other dealer brands spec SRT-100 on hybrid bikes for model year 1992, and our universe begins to expand from that day forward. We sold 450,000 shifter sets of SRT-100 into the dealer market that year.

Not long after, the mass market comes knocking. Huffy decides to jump into the hybrid segment and wants to use Grip Shift, but they don't have access to slant-parallelogram indexing derailleurs. We want to work with them, so we modify an early, all-plastic version of Grip Shift. We add over-travel to the shifter to accommodate nonindexing components, we color-match the grips to their bike frames, label the product Quick Shift, and we're off to the races.

Huffy commits to purchasing 250,000 units; however there is a snag. The Grip Shift model we used was an early aftermarket version and wasn't self-contained. If the shifter wasn't on a bike and under tension, it could potentially fall apart in an assembler's hand, causing

problems on Huffy's production line, which at that time was the fastest and most efficient assembly line in the bike industry. So we tell Huffy: "Send us your Shimano nonindexing derailleurs, and we'll preassemble them to our shifters and cables. We can preadjust the derailleurs as well. All you'll have to do is bolt the preassembly to your frames and send the bike down the line."

They loved the idea, particularly the fact that their assembly-line workers wouldn't have to make adjustments to the derailleurs after the preassemblies were mounted to the bike. It took us a couple weeks to prove out the concept on their line. Once we did, the deal was struck, and we shipped another 250,000 units to Huffy that year. That was a moment in our lives we could hardly imagine. Shimano is doing everything they can to absolutely crush us, but thousands of their derailleurs are being shipped in 18-wheel trucks to our assembly facility in Chicago, and we're providing a ton of value to one of their major customers.

By the end of 1988 it became clear in discussion with our dealer-market, bike-brand customers that we needed to get to Taiwan to visit the major bike assemblers. However, it probably hit home the hardest for me when Larry Michelson, who at the time was the bike buyer at Sears, looked at Stan and me as we sat in his 65th floor office in the Sears Tower and said, "Your problem is that you're not a part of the Taiwan cartel, and if you don't become part of the cartel, you're not going anywhere."

I went over to Taiwan first in February 1989, dragging two bikes with me in those fabulous cardboard airline boxes. We were still wearing suits back then. And I've got my mid-1980s blue suit and tasseled loafers on. It turned out to be unseasonably hot over there. I was headed to Taichung, where the bicycle factories were, out in the "countryside."

So I fly into Taipei, and my plan is to buy a bus ticket, get some sleep, wake up the next day, and roll down to Taichung by bus with the bikes. Seemed like a good plan. My goal was to visit Merida and Giant, and then any other factories that time would permit.

I go looking for my bus ticket. There were city buses, which were older, not air conditioned, and typically packed with people. It was going to be cumbersome to get onto one of those city buses with my two bike boxes and my luggage. Plus by the time I got to Taichung, I'd be dripping wet, and I had appointments that day.

But then there were these nice, swashbuckling Volvo buses. I hear them referred to as illegal buses, but the hotel people say it's OK to take one to Taichung. I ask where to buy tickets, but when I get there it's essentially a newspaper hut, not a bus station. In fact, nothing about the little hut seems to have anything to do with buses. As I'm trying to communicate with the attendant, I see one of the big Volvos roll by and then it stops at the corner. I point to it with sincere intent. He laughs, and I walk back to my hotel with a ticket to Taichung for the following morning.

Well, as we're zooming along the next day, I'm feeling pretty good about my choice of transportation. The bus is comfortable, and there's plenty of storage underneath for the bikes. The air conditioning seems to be stuck on high, and there's a small TV hanging from the ceiling with people singing loudly in Mandarin. But all is well, and Taichung is less than two hours away.

As we near Taichung, the bus begins to make stops on open roadways or in rural areas with little infrastructure—never at a bus stop. By the time the bus is half empty I realize we are never going to stop at anything like a bus terminal. I can tell we're near Taichung city, but that's about all.

No one on the bus speaks English. An eternal optimist, I hang on until the last stop and walk off the bus in the middle of nowhere. It's really hot. I've got two wilting bike boxes, my coat over my shoulder, and my suitcase at my side. I'm sure I look like one of the many missionaries that have combed Taiwan over the last 50 years—anyone need a Bible?

Ultimately I find a cute old woman selling chickens on the side of the road. She actually finds me a taxi and ushers me around the corner and into it. I announce the name of my hotel to the driver in English, and after a few tries we are off and running.

I visited Merida and Giant that day and was blown away by the sophistication of their factories. We were now beginning the process of building a relationship with the most important assembly facilities in Taiwan at that time. We needed the U.S. product managers to know we had listened. We needed to hear them say, "I heard you guys were over in Taiwan at our factory. Good job."

And of course we hoped that when they followed up with the factory, the response would be positive. That was 1989. We shipped our first shifters to Giant and Merida facilities in 1991. We've now been a proud supplier to them and many other Taiwan factories for 21 years.

When the big orders came in, after we got a settlement from Shimano, it was still a huge battle to deliver them. Stan was working to soothe nerves at Merida, which was the Trek factory in Taiwan. And at the same time I'm trying to calm people down at Trek in Wisconsin.

So we were getting yelled at 24 hours a day. Stan would be hearing it all day long in Taiwan, and when he went to bed, the head buyer at Trek would get me on the line and send me through the wringer. And he's saying: "I just heard from our guys in Taiwan and you're not shipping jack shit." My guy was Fred Drenhouse. We had taken him to our mold suppliers. We'd sold him on our quality and on the idea of shipping on time. He was totally in our camp.

But now this six-foot-six-inch, 290-pound NFL-tackle-size guy with a booming voice has somehow managed to fit himself right inside my ear. Here we were, two weeks beyond our ship date, and we're still not dialed in. To have that guy just tearing into us and swearing daggers on the phone was heartwrenching, and scary, and totally hilarious all at the same time.

In the end, though, we made Fred happy. And we worked with him for years. He's on the other side now–I raise a glass to Fred.



SCOTT KING

—

FOUNDER AND AFTERMARKET PROJECT MANAGER
CHICAGO
JOINED SRAM IN 1987
RIDES A TREK CYCLOCROSS BIKE

Stan and I met our first week at Tulane. We joined the same fraternity, and we stayed friends after we graduated in 1980. He'd invite me up to his parents' place in Michigan's Upper Peninsula each winter, and one year we did the local snowshoe race. I got the heavy, old-fashioned snowshoes and essentially ran a 10k race in them. If you want to work up a sweat in 10 degree weather, that's how it's done.

After that snowshoe race, I told Stan that he and F.K. were going to have to come to Saint Louis and race a triathlon with me. During the training for that first triathlon, in 1986, and another one the following year, Stan started working out the potential for a product like Grip Shift.

I was just 28 when Stan asked me to be in charge of finance at SRAM. I just hated watching the money burn. My dad had been a human resources guy at McDonnell Douglas, and my mom was a homemaker who did some teaching a little later. We weren't poor, but the way my brother and I were raised, our folks and our aunts and uncles and cousins always had more money than they spent. This was a family of 20 people who all believed you shouldn't worry about the car you drive, because it's just transportation. So when we started SRAM, I had that same habit. I think that helped save the company early on.

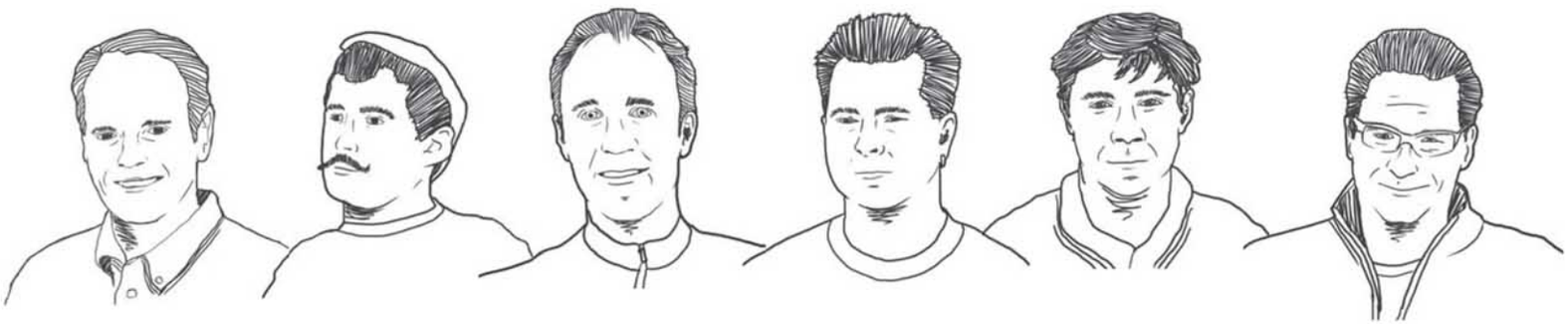
See, Grip Shift was a great idea, but as soon as we actually put it on the market, we started having problems. With the original product, the shifters came premounted on handlebars. That was a screw-up, because the racers wanted to use their own handlebars. Then, even when we could get a guy to say, Yeah, go ahead and put it on my bars, we had problems. For example, it was surprising how out of round most road bike bars were. And it was pretty common for racers to tell us the product wasn't working quite right.

We realized road racers were really traditional and averse to change. F.K. started pushing us to develop something for mountain bikes. Mountain bike sales were just a tiny blip on the radar then. I was the one pushing for the triathlete market. Scott had just come out with the DH aero bar, and everybody in triathlons was going to forward-swept bars. The tri cyclists didn't have the traditional mindset. They were obsessed with being aerodynamic, so they didn't want to reach down between their knees to shift.

We developed Grip Shift for triathlon racers pretty quickly. We still weren't making much in the way of sales, since Shimano had the OEMs locked up. So we hung together like brothers. We played together, we partied together, and we worked together. I mean, it wasn't the typical eight-hour-a-day job. We would get to the office at 5 in the morning and go for a ride.

Then the lawsuit with Shimano started in 1989. A suit like that involves a lot of lawyers, and it's very expensive, but it was life or death for us. I remember I was in Japan, and I had two lawyers, two paralegals, and a translator all working around me. I was using an AmEx card for our expenses, and I was calling the bank to have money wired to my credit card account to pay for the hotel rooms we were all staying in because the bill was so high every day we stayed there. It was misery. I was cut off from Stan, F.K., Merc, Sammy, and Shupe. I got really burned out.

But when we did finally settle that suit the following year, it was fantastic. We took on a tyrannical Japanese monolith that shouldn't have fallen and that didn't care about American law. And we succeeded where we shouldn't have.



ACQUISITIONS



ERNST SACHS

—

FOUNDER OF SACHS
SCHWEINFURT, GERMANY
JOINED SRAM IN 1997

Ernst Sachs was born in Konstanz, Germany. He was interested in mechanics from a young age and started his career as an apprentice in the precision tool-making industry in the Black Forest. In 1889 he took a job in a Frankfurt-based watchmaker's tool factory, Uhrmacher-Werkzeugfabrik Lorch, Schmidt & Co.

Cycling was catching on in the 1880s, and Sachs took to the sport. He joined the amateur Frankfurt velocipede club, racing penny-farthings, tricycles, and two-wheelers. In 1894, he filed for his first patent on a bicycle hub. The following year he and a business partner, Karl Fichtel, the Schweinfurt-born son of a factory owner, founded Schweinfurter Präcisions-Kugellager-Werke Fichtel & Sachs. The company, whose name was ultimately simplified to Sachs, introduced its Torpedo freewheel for bicycles in 1903. The hub became enormously popular, and Sachs expanded internationally. Ernst Sachs died on July 2, 1932.

Sachs nonetheless continued to grow greatly in the decades that followed and became a major manufacturer of automobile parts. A controlling stake in Sachs was acquired in the late 1980s by Mannesmann AG, and in 1997, Mannesmann sold the bicycle-components business to SRAM.

1997



PAUL TURNER

—

FOUNDER OF ROCKSHOX
MAUI, HAWAII
RIDES A MAVERICK ML8

My three older brothers all became engineers. They were into motorcycles too, so early on I learned how to work on them myself. When I was 17, I started my own business making exhaust pipes for motocross bikes. It was a little company, but I made really good money compared to my buddies who were flipping burgers. I left high school early and began taking engineering classes, but I just wasn't learning what I really wanted to know, so I bailed out and focused on work.

In 1980, I received a job offer from Honda's factory motocross team. My high school buddy Mike McAndrews (now a bigwig at Specialized) worked for Kawasaki's race team, and it sounded really exciting, so I took the job for Team Honda. The factory MX teams join each pro rider with a mechanic, and they become almost a team within a team. As a Honda mechanic back then, you traveled all over the world and worked on some very trick stuff coming out of the R&D department in Japan. It was a dream job for a young tweaker like me. Over the next four years I worked with Steve Wise, David Bailey, and, briefly, Johnny O'Mara at the MX des Nations.

One of the guys on the race team brought in a first-year Stumpjumper in 1981. Back then, mountain bikes didn't really exist. You had to build your own using parts from motorcycles or road bikes. This guy had a pretty cool custom bike, since he had the run of Honda's works race department. Later on, a couple of the other mechanics who had mountain bikes talked me into doing the Reseda to the Sea race. Initially, I thought these mountain bikes were piles of shit. On the race circuit we were refining 12-inch travel motocross suspensions to go flat-out through knee-deep bumps, yet these bicycles couldn't go over a small rock without putting you on your head.

But of course, I got the bike bug. What really set me rolling was Keith Bontrager, who years before had taught me how to design two-stroke exhaust pipes. He was incredibly smart, had since gotten his engineering degree, and was building custom bicycles. I had two bikes built by him: a road bike and another that could convert from 26-inch mountain-bike wheels to 700c cyclocross—it was very innovative. Over time we began to talk about suspension for mountain bikes, and this led to the start of RockShox.

In 1987, Keith was working with Kestrel to create probably the first full-suspension mountain bike. They wanted to show the bike at the coming trade show, and he just didn't have time to get a suspension fork done. During our ramblings, I mentioned my ideas for a bike fork based on what I'd learned from the motocross world, and he said I should do it. We both knew it was really needed.

I made the first RockShox prototype for the Kestrel bike in my shop in Santa Cruz. It wasn't really rideable, but the bike created quite a stir at the show. Then I moved to Boulder, Colo., and finished the designs. Unlike today, back then, Boulder had unlimited trail access, so it was a hot spot for bike companies. I had this funky shop next to my house in the hills, with good riding right out my door. Recently, there was a devastating fire in those hills, but luckily the shop survived it.

I realized that for my suspension fork to be successful, it would need to be easy to swap for your rigid one. This worked well, and even though there were a lot of naysayers, there were plenty of folks thankful to finally see suspension for bikes.

After I finished the design and sold a few, I partnered with Steve Simons and Dia-Compe (now Cane Creek), based in North Carolina. Steve was our manufacturing expert, and he had experience manufacturing forks in the motocross world. Dia-Compe lent seed money to the company and did our sales, accounting, and assembly. I stayed in Boulder working on new designs and marketing. Another key to RockShox's success was that Dia-Compe did all their work on commission. The fledgling company had to pay only a fixed percentage for each fork, instead of taking on debt to build a factory and hire people. Dia-Compe benefited by keeping their facility busy, since all their manufacturing had gone back to Japan. It was a really a smart way to go for a startup.

At first, there was no OEM business for suspension forks—it was all aftermarket. After a year or two, though, Trek took a flier on us and spec'd it on one of their Fisher models. It was a pretty small order of maybe 200 forks, but our sales increased since it gave us legitimacy. Because of Trek's foresight and success, other OEMs had to jump in the game. About the same time, Greg Herbold and Ned Overend used RockShox at the Durango World Championships, and then sales just went crazy.

RockShox grew so fast it started overtaking Dia-Compe's core business. They needed to either take it over or get back to their core. I didn't have the means to buy them out, but Steve did, and bought their interest. He moved assembly and the company to California. Asian manufacturing wasn't a good option back then, and Steve was well connected with machine shops and suppliers around the Bay Area. Asia is a far better option now, and sourcing commercial manufacturing in the U.S. has become a lot harder.

RockShox kept growing wildly, and Steve and I felt like we were in over our heads. We started looking for a partner who could take this to the next level and ended up joining with a New York firm that would bring in professional management. Their real goal was to take RockShox public, and eventually we did. But then suddenly all the different owners of the company had different ideas for it. The New York guys and public shareholders had financial goals. Steve's vision was to make RockShox a manufacturing powerhouse, and I just wanted to ride bikes and design cool stuff. Pretty soon my life was out of control, and without a shared vision, RockShox was on its knees.

I checked out of RockShox in 1999, well before SRAM bought it. I remember getting the call from Bryan Kelln, the RockShox chief executive. I was in England at the time, visiting the owner of *Singletrack* magazine. We were eating at a curry restaurant, and I took the call in the bathroom. Bryan said we had an offer from SRAM. It was a terrible offer, but if we didn't take it, RockShox would be filing for bankruptcy in two weeks. Standing there in the toilet, I made the painful decision to sell my remaining interest in the company I started.

A few years later, I started a bike company, Maverick, with Frank Vogel, who had worked for the RockShox R&D department when it was in Boulder. We had become friends and tried to focus the company on innovative design rather than marketing hype. It was the only company, large or small, to make its own suspension frame, shock, front fork, and adjustable seat post. Maverick is currently on ice, but we hold a number of patents from the technology that was developed that we license. Recently, I put on a mountain bike race that raised money to fight invasive plants and animals. It was really fun and felt like the old, less serious, days of mountain biking.

You always wonder what you would have done if you could hit the rewind button. Should I have stuck it out, or done a million things differently? For the most part though, I've made peace with it. I now live on Maui with a great woman and have three incredible kids. Maybe if I'd done all those things differently, that wouldn't be the case.



WAYNE LUMPKIN

—

FOUNDER OF AVID
SCOTTSDALE, ARIZONA
JOINED SRAM IN 2004
RIDES A SPOT BRAND ACME URBAN

I started with one component. It wasn't brakes; it was a Microdapter. It allowed you to put on a smaller front chainring. It was 1991, and I was 41—I needed a little extra help getting up the hills. I needed to get a smaller chainring onto my bike, so I designed one. I got a machinist buddy of mine to make a few of these adapters for me. He said, Gosh, if you do 100, you might as well do more. So I figured I'd place a showcase ad in back of Mountain Bike Action and sell this.

But when I stop in at Mountain Bike Action's headquarters in Burbank, their ad guy, Robb Mesecher, tells me to go ahead and show the adapter to the editors. He calls them, and Zapata 'Zap' Espinoza comes up and he says he'll write about it. I start thanking him and he tells me, "This isn't a favor, you're helping us."

His article appeared and the phones started ringing. We sold $60,000 worth of the adapters in the first year. And we ended up in the black by $200.

Then came the brakes. We started with rim brakes for the aftermarket. This was the CNC era, where people would buy a bike, tear off pieces of it, and replace them with trick components that guys were machining in small shops. The idea of riding a dead-stock bike was anathema to people who were serious about the sport. You had to make it yours.

So once I got my rim-brake business going, my brakes were everywhere. We killed almost all the other CNC machine-made brake companies. That wasn't our intent, but our stuff was just better and more sought after. One year I was at the Cactus Cup and I couldn't believe how many bikes had Avid brakes on them.

One day a guy from Specialized calls me. We were still only an aftermarket company. He explains that he and Mark Norris, a crack products guy who later went to RockShox, want to build something called the special parts group. (It's now known as S-Works.) They wanted the very high end of Specialized's mountain-bike line to have all the trick parts already on them. So they were calling all the brake companies to see who'd be the best fit.

I sent a sample of the brakes. And two weeks later I call to ask how's it going, and what do you think of my brakes? They tell me that of all the people they called, you're the only one who actually called back to follow up.

So I said to Norris, How about I come visit you? I jumped on a flight the next day and went out and saw Specialized. I had a trick up my sleeve. I had two prototypes of the Tri-Dangle. A lot of people copied them later, but for a little bit, that was an unbelievably hot seller for us. See, if you wanted to trick out your bike but you couldn't afford to replace a derailleur or your brakes, you could buy something small like a Tri-Dangle.

So I'm sitting at the roundtable with Norris and his partner. And Norris tells me it's between Avid and WTB. I have two of these Tri-Dangles on me, in my shirt pocket. They're the only two in existence. I pull them out of my pocket. I don't say anything. I just toss these brilliant shiny little things across the table at Norris.

He looks at them. His eyes light up. "If we give you the spec, will it come with these?" he asks. I say, "Well, if I include these, do I get the spec?" He says yeah. "OK, it'll come with those."

That was 1993. At the Interbike show in Las Vegas that year, WTB's booth was right across from Specialized. I dropped into WTB's booth. They saw my tag, and they escorted me out of the booth. They thought they owned that spec, and they were livid.

Sometime later I was in a bike shop in Denver, standing there looking at a new Specialized bike. It was gray with a hint of purple in it. And all the soft parts on the bike were gray. So it had gray tires, a gray saddle, and gray grips. It had all-new Shimano XTR parts. It was so beautiful, and everything was so beautifully integrated. And I thought: Why the hell would anybody want to remove even one of these beautiful components and replace it with my garish stuff?

I decided I absolutely had to focus on supplying the OEM market as well as aftermarket. I saw this beautifully integrated product, and I had to be part of that business.

F.K. was the first to approach me about merging with SRAM. I was just beginning my foray into Taiwan. So I visited SRAM's headquarters in Chicago. It didn't happen. Stan and I just kept talking for eight years.

When I visited them in 1995, John Cheever, for whom I have the highest respect, showed me their new plastic derailleur. I knew a little about injection molding and I asked him how he planned to keep the voids out, and he assured me they could. Then the knuckle kept breaking off. A few years later Cheever and maybe Jeff Shupe spoke to me about it at Interbike. "If we had listened to you, we would have avoided some problems," they said. "But we were arrogant." For them to say that to me, that's unheard of. It was a beautiful moment. I was right about it, and I knew I was right. But they didn't want to hear it at the time.

I do understand why. It's hard when you're developing a new product. You can't listen to everything everybody says or you'll never get your product to market.

So jump ahead to 2004. Avid was in Taiwan. We were number two to Shimano with brakes. I knew discs were the coming thing. First I came out with a mechanical disc brake. That brake still has cultish following. Then we introduced a hydraulic version we called Juicy. And that's when Stan called me. He asked me if I'd thought about selling lately. I told him I hadn't, but I was willing to listen. And we did sell.



MICKI KOZUSCHEK

—

FOUNDER OF TRUVATIV
SAN LUIS OBISPO, CALIFORNIA
JOINED SRAM IN 2004
RIDES A BIANCHI ROAD BIKE AND A SANTA CRUZ MOUNTAIN BIKE

In 1970, when I was three, my family escaped from Poland to West Germany. My parents had been Germans before the war. We lived in Bonn, then moved to Witten, where my dad became chief of medicine at the local hospital in Bochum.

I started road-bike racing when I was 12 and began competing as a triathlete at age 16. I think I was one of the first triathletes in Germany. In the spring and summer I would go to the U.S. to train in Davis, Calif., where I met my wife, Susan. We now have four sons and a daughter. My second son says he wants to be an engineer, which would make me very proud.

When I finished high school in Germany, I went to a business school for two weeks, but I didn't like it, so I quit. I took time off to compete all over the world in triathlons, and then I entered the German military to complete my mandatory service. Fortunately I was put into the military's sports company. I continued to train and race during my military service. I was in the best shape of my life. I was stationed near the Austrian border in Sonthofen, but I doubt I ever spent two consecutive weeks there. I was always off racing.

When my service was done, I got together with a friend, Olaf Gerhardt, and we started a company called Modern Sports. We were importing Dave Scott triathlon gear, AME sunglasses, and Barracuda goggles. We started that business out of my parents' cellar. We'd get a shipment, pile up all kinds of boxes out in my parents' garden, and then ship it to stores.

We made money right away, but two or three years later we wanted to diversify. We didn't like dealing with other people's brands. So I got on a plane to Taiwan. At that time it was a different place, much different than it is today. It wasn't quite like going into Vietnam, but it took courage.

Under Modern Sports, we developed our own mountain-bike brand: Etto. Suddenly, I was a bike maker. That's why I ended up doing components. Back then you had Shimano LX, XT, and XTR. You attached those to some kind of frame and you had a bike. I was inspired by Bridgestone—they were breaking up Shimano's group, and they were mixing and matching, doing really innovative things. So we decided to do our own components and some clothing.

I started drafting using a CAD program called Vellum on a Macintosh and designed cranks that I had manufactured in the U.S. I moved to California for the weather, because Germans like to be tan. My wife, Susan, is American, so it was easy to get a green card, but I'm still a German citizen. We found the central coast of California, in San Luis Obispo, to be a great place to raise our family and locate the design side of our business.

Now we had non-Shimano bikes. We used some SRAM components, but they were not very good at the time. I was and still am a very hands-on product developer, and did most of the work myself.

Then there was an ownership change at Modern Sports. My partner sold his stake to some new partners. I didn't get along with them. I wanted to be a component maker; I had been fascinated by components since I was a kid playing with Cinelli and Campy parts. So I cut a deal with my new partners in Modern Sports and left. That's when Gary Peng and I started Truvativ. At the time, I was 30 years old.

We built Truvativ into the biggest crank supplier in the U.S. Besides making the Truvativ components, we were making cranks for Bontrager and Specialized as well. Our company was quite large, employing 400 people in Taiwan. But Truvativ was running all on me. My lack of education and my personality became issues. We went into everything like we had AK-47s and were shooting all the time. There was a lot of talent around—Garrett Smith drove engineering, and I drove Garrett crazy. But we didn't have the depth of management that Stan had built at SRAM.

We were right at the juncture of deciding, did we want to expand or sell ourselves to a bigger company? Then Stan came along. SRAM was not that much bigger than Truvativ, but they were much better organized. They were more ready and had a better structure. We had some definitive strengths over SRAM, and I probably sold too cheap, but I got what I asked for.

I was 37, and I had brought Truvativ to a highly respectable level. As part of the deal I joined SRAM, but I didn't belong there either. I left SRAM and took three years off, kind of semiretired, but that wasn't for me. I needed to be creative and busy. I'm an entrepreneur at heart, so I started a new company, Lezyne, which specializes in aftermarket products. I love it. If we compare our first four years, year-for-year, to Truvativ's first four years, we have grown more professionally and financially each year than they did during the same time period. Lezyne is a much more stable business, scalable and more enjoyable than my other companies were. Our customer base is highly diversified and, compared to OEM, we do not have to deal with all the politics of the big guys.



ANDY ORDING

—

PRESIDENT OF ZIPP SPEED WEAPONRY
INDIANAPOLIS
JOINED SRAM IN 1992
RIDES A YETI ASR-5 AND A CERVELO S2

I grew up backpacking and racing off-road motorcycles in South Africa. I came with my wife to the U.S. in 1984 to work for Malcolm Smith Racing. Then, in 1989, we moved to Bellingham, Wash., to work for Allsop. For three years, I was selling ski products, bicycle chain cleaners, and Softride beams.

While I was working for Allsop, I met Zipp's founder, Leigh Sargent. Zipp had one product: the disc wheel. Leigh was very good technically, but he needed somebody to run the front end of the business. So I bought a minority stake in the company and joined in 1992.

When I came to Indianapolis, Leigh had two businesses. He had Zipp, which was doing wheels and a bike that would use the Softride beam. And he had Applied Composites, which did motor-racing repair and a lot of custom-engineered solutions for aerospace. If you need something built out of carbon, they can do miraculous stuff.

Leigh and I knew Zipp needed to be different from Applied Composites. It had to get into production and not just design. Neither he nor I were manufacturing guys. We had to figure that part out.

We put our Zipp bike on the market in 1992. It was only on the market for five years. We also did our first deep-section rim, called the 440, for its weight. At 58 millimeters in depth, it was optimal for aero gain and weight elimination in a wheel build, and it went on to become the de facto standard rim depth in the category. That was the first rim that allowed us to employ stainless steel spokes in our design. It made the wheels lighter, and our ability to scale product was significantly enhanced. We grew the company through 1997.

That was a difficult year. It was the beginning of the decline of mountain bikes. Suddenly people dropped out of the sport. Even though it mostly affected mountain bikes, Zipp felt it. You see, carbon wheels weren't well established. We only had a dozen or so dealers who'd want them on their shop floors. Most dealers were either mountain bike or road bike guys, and they'd only special order them if somebody walked into the shop and ordered one.

So in 1997 we restructured. Leigh sold me the rest of his stake in Zipp, so he could focus on Applied Composites. We were sharing a facility with him, so we moved out. I realized you had to change the mentality of the company. Products don't make themselves. People make them.

Until that point, we had focused on triathlon. Triathletes were eager to try new things. They loved our wheels and our bike. But the bike presented problems. Dealers would stock our bike, but didn't want us selling our wheels at any of the shops within driving distance of their shops.

So we looked at the resources we would have to put into developing the next-generation Zipp bike, and we decided to pour those into wheels. We sold our last hundred bikes in 1997. The Zipp bike is still a cult item in triathlon. If you do an Ironman today, you'll see one or two. I still have a 1996 Zipp bike at home.

We poured everything into our wheels. Our head engineer, Josh Poertner, could tell you how many variations we've gone through just on hubs alone. If you look at how much time and energy we have spent just on hubs from 1999 to today, it's thousands of prototypes. The market sees the rims. But there's so much more going on underneath there.

Eventually the market started to mature. Triathlon was still massively important to us, but we knew we had to penetrate road. That's where the numbers were. But the road market was heavily influenced by the pro race scene, and back then Mavic and Shimano ruled, with some teams opting for Campagnolo.

In 1999 we got an opportunity right out of the blue. One of the pro teams, Lotto, had problems with their bike frames and switched to GT bikes. I got a call from Jeff Pierce, a former Tour de France stage winner. He was working for GT, and he said, "We need TT wheels." Suddenly our wheels were in the Tour de France.

And our luck continued, because GT/Lotto had Jacky Durand, who liked to get in the break and stay out for 200 kilometers. And he liked riding our 404 wheels. So Jeff calls me and says he wants more Zipp wheels.

That's how our road program started. Slowly but surely we'd go to more events and meet the athletes. The guys who liked our gear would change teams and take that experience with them. They'd say to their new team directors, Let's get Zipp stuff.

What really made the program successful was our decision to support the product. We did not fully comprehend the severity of the Euro pro road environment, and our 404s weren't really robust enough to ride every day in every condition. We figured it out when we got onto the CSC squad in an all-wheels deal.

The first year of the CSC deal, we sent Josh Poertner to the Paris-Nice race, just to check on product. He takes the hubs apart, and they look like you'd thrown coffee grounds into them. You can't appreciate how much damage a pressure washer can do. Josh comes home with list of how many things are broken. He sends Nic James back there to make fixes. Nic was the reason we succeeded. He's got two decades of Zipp experience. He knew what he needed. He would spend a week working his fingers to the bone getting wheels and hubs rebuilt and keeping our wheels in the races.

The point was not just to sponsor teams. We wanted to push tech support and engineering to learn from the problems. We quickly and routinely improved bearings, tightened tolerances, changed the axle, changed the water shield, and on and on. This "all-in" approach takes years, but it's what it takes for the guys to believe in the product and want to ride and race it anywhere and everywhere—even in the spring classics. These were the hardest events to penetrate, but out of the last six Paris-Nice and Flanders events, five have been won on Zipp carbon wheels, a feat almost unimaginable a decade ago.

By the time we did our deal with Stan in 2007, we were very profitable. We had seen 35 percent average growth for 10 years straight. We were extremely healthy and growing very well. We're still number one in triathlon. And we have a critical presence in road.



JIM MEYER

—

FOUNDER OF QUARQ
SPEARFISH, SOUTH DAKOTA
JOINED SRAM IN 2011
RIDES A TREK PROJECT ONE

I was a competitive swimmer in elementary and high school. I started mountain biking and road biking later for fun. Then in grad school I got into triathlon.

I went to the Rose-Hulman Institute of Technology in Terre Haute, Ind., and studied math and mechanical engineering. Then I went to grad school at MIT. I'd say I survived grad school. When you walked on that campus, you could poke your head down any hallway or lab and see some of the country's top experts in any field. You could stop and talk to any random student there and they had an amazing life story to tell you. The feeling of amazement I had never wore off.

In 2006 my wife, Mieke, and I decided to go to Australia for a year. She planned to work on her MBA over there, and I thought I'd do serious triathlon training. I wanted to get a power meter to train for the cycling portion of the race, but I wasn't impressed with the options. I was looking at mainly the CycleOps PowerTap and SRM models. The PowerTaps are built into the rear wheel, and my race wheel was a Hed trispoke, so I couldn't use it. That left SRM, which works off the crankset, but it was very expensive. I couldn't figure out why SRM wasn't doing a meter that was more competitive on price.

I realized that starting a power-meter company would be a good fit with my background. When I called my parents to tell them I wanted to start a power-meter company, they were happy. Then they said, "What's a power meter?"

I explained that a power meter is a device on a bike that measures your power output. That's the rate at which you're releasing energy. If you know how quickly the crankset is spinning and you can measure the torque in the crank arms, you can compute your overall power output. The difficult part is figuring out the applied torque. For that, we use strain gages carefully glued to a specially designed crankset. It's a thin foil, and you measure how much the gage stretches in parts per million. The gage has to do it accurately and do it live while you're pedaling. Then we compute an average torque during the revolution and combine that with the RPM of the cranks to get an overall power output.

When I built the first prototype, it was an enormous box. It took 18 months to get to the point where I could go for a ride with my own power meter. It didn't feel as great as you might expect. As an engineer, I was trained to keep thinking about problems. So all I noticed was flaw after flaw after flaw.

I don't know how a chef feels when they taste a new recipe for the first time. Maybe the good feeling doesn't come until later, when they show it off and see the pleasure in other people's faces.

I didn't get to see that look on people's faces until Interbike in 2007. That was the first time I got to talk about it with outsiders. Kevin Wesling and Brian Benzer came by the booth. Then in spring 2008 we gave one to Hunter Allen. He started riding Quarq and giving us feedback. So that was rewarding. And that year Wesling called me and we started really talking. Kevin bought one of our meters and cut it in half and looked inside. Then Charles Becker called me.

We really struggled, financially. I had started working on the project in Australia, and we didn't get our first dollar of revenue until June 2008. That was two and a half years of waiting, so we lived off a bit of savings and by persuading our parents to take large mortgages on our behalf. Mieke's dad had ranchland; my parents had a nice house.

You know, entrepreneurs get help from the three Fs: friends, family, and fools. We relied entirely on our family. We were lucky to have that option. They say it's the same thing about screening good athletes. There are six essential elements to being world champion and number six, the most important, is to choose your parents well. So we had that working for us. They're still involved and supportive. Quarq is using a building that my dad owns.

The potential market for power meters is big. I say our customer is potentially any cyclist wearing Lycra. If you're willing to get out of your comfort clothes and put on Lycra, you're probably curious about your power output. If you're a mountain biker who only jumps off stuff on your bike, you're perhaps not our customer. Basically anybody who is trying to go fast, as opposed to riding purely for recreation—that's my market.

For now the base unit is priced around $1,800, which is out of reach now for many riders. Investing in a Quarq meter is like buying a Zipp wheel. Now that we're part of SRAM, we can work on figuring out how to bring the product to a broader market.



GLOBAL TEAM



ALEX WASSMANN

—

ROAD SPORTS MARKETING
REDWOOD CITY, CALIFORNIA
JOINED SRAM IN 1994
RIDES LANCE ARMSTRONG HAND-ME-DOWNS

I'd left SRAM in 2003. I was just about to open my boutique store, looking at leases and product lines, in 2005, when Ron Ritzler calls. He asks, "What are you doing for the next few years?" Then David Zimberoff calls and says SRAM wants to do a road group, and asks me if I'd be interested in working on it. At Sea Otter, he shows me DoubleTap. I had spent a lot more time on road gear by then, and I knew that if you have good road shifters, everything else is possible. I'd seen SRAM change quite a bit. They had successfully integrated RockShox, Avid, and Truvativ. I said, "You guys really did it." I was impressed by the continuing growth of the company. So I came back.

Basically they wanted me to do what I did before, getting athletes on our gear and winning races. Dave and Ron gave me a blank sheet of paper. Dave had researched it, and he wanted to crack the culture of amateur racing first. SRAM was focused on MTB and hadn't had any significant contact with road racing for 15 years. We were only touching it a bit in 2003, supplying chains and cassettes to Bjarne Riis's CSC team. It was a small but exciting thing.

The first two riders to test DoubleTap in races were Jesse Lawler, of Jittery Joe's, and Ben Jacques-Maynes, of Kodak Gallery/Sierra Nevada. Then in 2006 we made it official. We sponsored a couple of good pro men's teams, including Kurt Stockton's Kodak Gallery/Sierra Nevada team in the U.S. That team got all the way to America's top pro race, the Tour of California. In Europe we sponsored the Orbea-Continental team, a solid developmental squad, and on the women's circuit we chose Mike Tamayo's Victory Brewing team.

Racing is so important when you're developing a product. There's a difference between what happens in the design studio and what happens out here. Road racing proved to be an extremely harsh environment. Coming from the MTB culture, we were calibrated for the intensity and abuse in all the conditions that off-road racing meted out. But big teams, unsuspended bikes, spring classics, and stage races—those were uncharted territory. We quickly learned to adapt and focus.

Then, in 2007, we made contact with the people at Scott USA. They were sponsoring a team, Saunier Duval, that had a shot at the Tour de France. They wanted us to come on board. That was a pretty major team, with names like Gilberto Simoni, Iban Mayo, and David Millar. And they did get to the Tour de Georgia, the Giro d'Italia, and the Tour de France. It was a big thrill to see DoubleTap and the SRAM Red prototypes being raced at those events. And that summer, Lance Armstrong's old Discovery team won the Tour de France, with Alberto Contador taking the yellow jersey.

After that tour, which saw the conclusion of the Discovery team, Team Astana approached Johan Bruyneel, Lance Armstrong's longtime director, to rebuild their franchise. Bruyneel agreed to a fresh start. He wanted to keep some key riders, staff, and Trek. Johan also wanted new, innovative components. He wanted a lighter bike.

So leading up to September's Interbike, Johan calls Dave Z. He wants us to set up a gear test for two riders. The two were Contador and Levi Leipheimer. Alberto is at the trade show with his brother. We get Red parts for him and set him up. And I fly to Levi's house and put Red components on his bikes. Those two say, Yeah, it's good enough. We're going to be the sponsor for Astana, arguably the most talented bike team in the world.

We had finally arrived. When I think back to that first call in 2005, when Dave and Ron had asked me, "Hey, Alex, you want to come to work for us again?" it's just astonishing where our choices and—yes—our luck have taken us in three years.

It's been nonstop ever since. In 2009, Lance Armstrong emerged from retirement and joined Astana, and they were invited back to the Tour de France. And all three racers who finished on the podium in Paris were using SRAM components. Contador, Schleck, and Armstrong all rode our equipment.



ANDY CARON

—

DIRECTOR OF TEAM LEADERSHIP
SAN LUIS OBISPO, CALIFORNIA
JOINED SRAM IN 1992
RIDES A CARON, A SPECIALIZED, A SCOTT, A MASI, AND A HARO

I was managing the bike department at a store called Erehwon, near the first SRAM headquarters in Chicago, when the guys from SRAM started coming in.

Our store was selling Cannondale and Quantum, two of the first brands to use Grip Shift. Back then if we had a problem, we'd call SRAM and the guy picking up the phone would be Merc, John Cheever, or Sam Patterson. That's how I first got introduced to the guys. Eventually they hired me to run their customer service.

I built the department to operate the way I would have wanted it to work if I were on the other end of the phone. We guaranteed next-day delivery on any replacement product. The dealer was king.

See, our product had growing pains. With friction shifting, you could shift all day without worrying. Indexing arrived and shifting got more complex. Along comes Grip Shift, and you're looking at new materials that bike-shop guys hadn't seen.

If you did something as simple as change a cable, you'd risk altering how the whole mechanism interacted with the shifter. You couldn't use the same grease that all the bike shops used. That grease was for metal on metal. You could kill a Grip Shift with that. So we developed Jonnisnot lubricant, named after John Cheever.

We created the customer-service SWAT team to show dealers how index shifting really works. We'd do tech seminars where we'd get 40 or 50 dealers to come to one location and do a whole day teaching them about shifting.

Meanwhile, we had John Tomac, Ned Overend, and Greg Herbold riding Grip Shift. They were huge for us. We would set up service trucks at the big races. We would help out any rider with anything they wanted that was related to our product. We'd give them new grips and new cables and teach them about shifting and how to service the parts themselves.

To have a hit product in the market, you needed three things. Somebody cool needed to use it. You had to make it widely available to the public. And you had to support the product. And we did all three.

We're still doing all this stuff the same way today. I think that has allowed us to keep growing. Cool people ride our stuff. It's everywhere. And if somebody has a problem, SRAM will make it good.



BERNHARD JOHANNI

—

DIRECTOR OF EUROPEAN PRODUCT DEVELOPMENT
SCHWEINFURT, GERMANY
JOINED SRAM IN 1994
RIDES A SCOTT SPARK RC

My first project for Sachs was to develop a twist shifter. A colleague and I designed something called Power Grip II. We knew SRAM was doing really, really well with Grip Shift. In 1994 I surveyed all the bike manufacturers at the Eurobike trade show to see how big a hold on the market Grip Shift had. It was 100 percent. Now I had to compete with that.

But we did well. For the first two years, we produced our shifters in France. We chased European bike companies and made millions of shifters. Then we found out that Grip Shift would buy us. That's it, I thought, we'll lose our jobs.

We thought that for SRAM, which was such a small company, to take over a huge company like ours, it was like a rubber boat towing a supertanker. Our managers were wearing ties and had secretaries. I used to say that if you worked for Sachs, it took 10 minutes to drive from your house to the company parking lot and 20 minutes to walk from your car to your office.

John Cheever came to visit Sachs, and to our surprise, he was interested in my colleagues and me. Cheever explained he had some problems with the SRT-800. I was one of the few guys at Sachs who knew plastic. I was invited with a group, including Frank Schmidt, who's still my colleague here, to come to Chicago.

I was so excited to go to Chicago and meet Sam Patterson. I'd seen his name on so many patents over the years. I figured he was really hardworking, driven, a quiet guy, probably pale from never seeing the sun.

Our first day we're in the SRAM office, I keep seeing this California dream boy. He's always smiling. He's a friendly guy with nice brown skin. He's athletic. Finally somebody introduces him to me. It's Sam Patterson. He was nothing like I pictured. He wasn't your typical engineer. He's super creative, a big-idea guy. And he fit in perfectly at SRAM.

To this day, when I hire it's more important to figure out how this person will fit with the team than to worry about what kind of diploma he has.



BILL JACKOBOICE

—

FORMER DIRECTOR OF GLOBAL MERCHANDISING AND MARKETING
KANSAS CITY
JOINED SRAM IN 1991
RIDES A CLARK-KENT TITANIUM MOUNTAIN BIKE

I met Jeff Shupe at a street fair in Chicago's Lincoln Park neighborhood. He said they were looking for a marketing and sales guy. I was hire number nine or something. When I got there it was basically Stan, F.K., Lincoln Day, Shupe, Merc, Sam Patterson, and John Cheever. During the interview, I talked to them all. The questions were so funny: "Do you like to drink beer and ride bikes? Are you willing to pretty much do anything, even be our chief bottle washer? OK, you've got the job."

Back then a lot of the action revolved around Trek. I remember driving with Shupe up to Waterloo at 8 p.m., dropping off a bunch of gear at 11, staying at some fleabag hotel, and then home the next day. Or even returning that night to be in the office at 8 a.m.

I wasn't getting rich, but I was with my best pals. We were all in each other's weddings. Whenever we had a life crisis, we'd be there for each other. It was like a fraternity, except in this fraternity, we were making sure stuff happened. The SRAM guys were fun to be around, but behind the scenes everybody had rock-solid business acumen.

We'd underpromise and overdeliver. A customer could call with a problem and we'd send out stuff FedEx—this was very early-stage FedEx, when it was expensive. I remember when Andy Caron got to SRAM and started that; he's like a surly old man who knows everything about bikes. We'd travel on the race circuit a lot. He was a good mechanic. I can't even pump a tire. They'd run me out of the shops.

We spent a lot of time and energy getting our gear onto race bikes. The high-end consumers were all paying a lot of attention to what the racers were using. So you had to get our gear onto race bikes. But to do that, you had to go through the product manager. Very few racers had agents, so they raced for manufacturers. Racers rode what the manufacturers gave them. So you had to get through to the manufacturer.

My job was creating influence in the race scene. We'd give product to anybody who was racing. We befriended and spent time with race directors, magazine editors, and product managers—anyone with influence was a target. I spent a lot of time schmoozing the editors to get them to write about us, and we were always going with them to races. I would to sit with the racers and be buddies with them, learning from them what worked and what didn't.

Greg Herbold was already on board. I got John Tomac with a lot of help from Merc and support from everyone. We just pestered the crap out of him. Tomac was a champion cross-country guy, even though he wasn't a skinny Euro guy. He was more of a total athlete. But he could hammer on the flats and stay with the pack. Then he'd get to the downhills. That's where he'd pass everybody. You always had a sense this guy was going to find a way to win. He put a disc wheel on a mountain bike to win, always pushing the limits.

Greg won downhills and Tomac won cross-country races. And they were both really, really good with product. They would give you good feedback. They had useful information that was really helpful to the engineers.

We were all so excited about ESP. It was going to be totally revolutionary, with new lightweight plastics and carbon fiber and all that. We launched it at the Hong Kong Cafe in Vail, Colo. We all wore lab coats. Every newspaper and magazine editor was there. Dirk Belling, editor of *Bike*, was there.

A few weeks later, they were snapping like popcorn in a bag. But we didn't ditch. We had completely pushed the envelope. We just stuck with it and improved the product and sent out a lot of new derailleurs. Nobody was willing to throw in the towel. I never remember anybody being really down.

Leaving was the worst decision of my life. It's like leaving a girl you love. Being at the core of the company was like being around a group of 12 to 15 brothers.

Stan always knew SRAM would grow up to be a components company, not a shifter company. He always knew we'd do derailleurs, cranks, brakes, wheels, and all that. He is one smart cat.



BOB CHEN

—

MANAGER OF ASIA DEVELOPMENT CENTER
TAICHUNG, TAIWAN
JOINED SRAM IN 2000
RIDES A GIGANTEX CUSTOM

I was born in Taiwan. My father was a farmer who also had a stainless-steel business that he ran with his brothers. I had no patience for farming or steel. My older brother took over my father's business. When I went to school, I studied carbon fiber, which was almost exclusively an aerospace material then. I found I had a lot of patience for carbon.

Now carbon has become a key material in cycling. I arrived at SRAM in 2000. When we merged with RockShox, in 2002, they were using some carbon components in their suspensions, so I was the engineer who was assigned to sort out their relationship with carbon suppliers.

Then, in 2004, we merged with Truvativ, and I saw an opportunity. They owned a factory in an area of Taiwan called Dali. I thought I could help SRAM set up its own in-house carbon fiber processing plant in Dali. Jeff Shupe, who was a vice president in Asia at the time, supported me a lot. Back then, you couldn't get carbon fiber easily. So we had to set it all up, buy equipment, and hire a team. My job was setting up that team. I knew my strengths very well, and I wasn't an expert production-detail guy. So we found really experienced manufacturing guys in Dali and I handed that responsibility to them. And I went back to engineering.

That's one of the things I treasure at SRAM—they allow their employees to try ideas. I love that they respect their employees. The position I have now is a pure management job. I oversee a group of about a hundred engineers here. When I was in school, I never imagined I would have to manage people. But it's good to learn and grow. There are so many other people in SRAM who have an opportunity to grow from engineer to a manager.

I still love carbon fiber. I've been to Indianapolis twice since we bought Zipp in 2007. It's a playground. I even own a wheel that has a Zipp rim that was made in Indy. I share that passion with them.



BRIAN BENZER

—

VICE PRESIDENT OF CORPORATE DEVELOPMENT
CHICAGO
JOINED SRAM IN 1995
RIDES A NOVARA BUZZ

I joined SRAM in the summer of 1995 as a legal assistant and have since worked in a wide variety of roles, including my current position. Today I advise the line managers on strategic, legal, and tactical matters and have full oversight of human resources, corporate administration, and investor relations. In addition, I assist Stan with identifying, negotiating, and integrating acquisitions, including Avid, Truvativ, RockShox, Zipp, and Quarq. I am also proud to be an inaugural member of the board of directors of World Bicycle Relief.

I graduated from the University of Michigan with a degree in English literature in 1998 and in 2001 from the University of Chicago with an MBA, concentrating in economics and strategy. During my tenure I have had the opportunity to be deeply involved in a diverse and unique group of projects, including the second antitrust litigation between SRAM and Shimano; the private equity investment (and divestiture) of Trilantic Capital Partners (nicknamed "SP2" internally); and the intense preparation for the pending initial public offering—not to mention the above-referenced acquisitions. While all of these have had very successful outcomes and provided me with great development opportunities, my biggest learning experiences at SRAM have been with projects that have been less than successful.

Specifically, there have been a couple of acquisitions where the wheels came off just shy of the finish line. Unfortunately, one of these was the first acquisition negotiation that I led. This was after I had ridden shotgun on the RockShox acquisition and had badgered Stan into letting me take the negotiating lead on the next opportunity. After a tough negotiation, and failing to get it closed, it felt like a personal failure, and I doubted that I might get future opportunities in mergers and acquisitions. But after sorting through the ashes of the deal we learned some valuable lessons, which were applied to the next deal, for Avid. Despite my concerns, Stan let me run the show with respect to the Avid negotiations and then again with Truvativ later that same year. Stan is not afraid to let his people take risks and fail, which is great because you're empowered to learn.



BRIAN JORDAN

—

DESIGNER, ADVANCED DEVELOPMENT
CHICAGO
JOINED SRAM IN 1994
RIDES A TREK 930

There is a lot of work in designing and inventing new things here. When I try to explain what invention is, it's not just adding things. Anybody can add parts to something and think they're inventing. They're not. Inventing is removing things. The idea is to use as few things as possible and none fewer. I think Einstein said something like that. Anybody can do more with more. When we came up with DoubleTap, we were using 40 parts versus 160 parts in Shimano's shifter. We were doing more with less.

Coming up with a shifter was the hardest thing we'd ever done. The company was developing the new road group. And we needed an integrated brake-lever-shifter. The one we initially came up with worked a lot like the Campy shifter. You had a lever to shift down with and a thumb release to shift up with. In fact, the in-house nickname for it was "SRAMpy."

None of us felt that great about the SRAMpy shifter. It was good enough. It was a solid B.

Kevin Wesling and I went to Weeds, a bar near the office, to celebrate the completion of SRAMpy. We're sitting there, drinking Pabst Blue Ribbons for a dollar each. And I said to Kevin, "What if we had only one lever? You'd push a little to release cable and push a lot to reel it in."

We had all these patents that were based on there being two levers to shift with. That's how Campy's system worked. That's how Shimano's system worked. Two levers. If we only had one lever, we could get around those patents. Now the question was: How do we make that happen?

I had an idea of a mechanism that worked like a game of leapfrog. You'd have one pawl holding the gear, holding a ratchet wheel with teeth, where each tooth corresponds with the next gear in the rear cassette. A second pawl would push the holding pawl out of its seat, forcing the holding pawl to a new seat by jumping over the other pawl. The holding pawl had to find a new seat—the next tooth on the ratchet wheel.

It worked a little like when somebody takes your seat on an airplane. You just move to the next seat. Or like musical chairs.

So the next morning, I came in and sketched my idea on the white board for Chris Shipman. Shipman is the guy who builds many of our prototypes. He spent years working at a company that designs pinball machines, so he's seen every mechanism there is, and he can build pretty much anything. And he usually looks at my drawings and explains why my ideas won't work. But he didn't this time. He said it looked novel.

So it looked good on paper. But we wouldn't really know how warm and fuzzy it was until Shipman built the first prototype.

Some time passes. Then one morning Shipman has it set up with a weight hanging off it. And he turns to us and says, "Which one of you wants to try this out?" When Kevin tried it, he put his head down—speechless.

Now, you have to understand that there are a million ways for a concept to die. Bad idea. Bad mechanism. But a bad first model can really ruin it. If you don't make it just right, if you mess up a couple of angles, it's spoiled.

So we tried it. And it felt really good.

Stan didn't know it was coming. But when he tried it for the first time, he said it was really cool. When Kevin told him about how we came up with the original idea at Weeds over a few PBRs, he said, "You two guys need to be out drinking more beers."

CHARLIE MOORE



—

BOARD OF DIRECTORS
NEW YORK CITY
JOINED SRAM IN 2008
RIDES (SLOWLY) A TREK MADONE

I joined SRAM's Board of Directors in the fall of 2008 after my firm, Trilantic Capital Partners (formerly Lehman Brothers Merchant Banking), acquired a substantial minority stake in the company.

It was a milestone decision for SRAM's founders to bring in an institutional investor, and they were careful in choosing a financial partner. The company was booming in 2008—defying the overall U.S. economy, which had slipped into recession. Private equity firms were competing furiously for the opportunity to invest.

During the evaluation process, I remember being invited by Stan and F.K. to attend an "industry fundraiser" for Barack Obama. When I arrived at F.K.'s home in Chicago for the event, I ran into several private equity friends who were all there, courting SRAM! It was a bit awkward, but more of a laugh than anything else.

Later on, in Taiwan, looking at the company's manufacturing operations, I took Stan aside. I said: "Look, every PE firm in the country has a partner who is a cyclist or triathlete, and they are all slavering over SRAM. I'm 20 pounds overweight and don't even own a bicycle. Do I really have a shot?" Stan said, "We know what products to make and how to make them. We are looking for help in other areas. As long as you drink beer, you'll be just fine."

After a lot of work on both sides, SRAM selected us as its financial partner. We brought to the table some Wall Street experience, a creative investment structure, and a relationship with Lance Armstrong that could support the company's road bike business. Ultimately, however, what I think tipped SRAM's decision in our favor was a shared sense of compatibility and trust—critical ingredients in any partnership.

That trust was tested right away when, a few weeks prior to closing the investment, our parent company, Lehman Brothers, went bankrupt. We worked to keep the deal together. Frankly, I have never worked so hard, with such long odds, in my career. The SRAM team was patient and mature. And, miraculously, we closed our investment on time, on terms, as promised.

Shortly after we invested, SRAM belatedly began to feel the effects of the recession. I worried that Stan and his team, accomplished growth managers, would struggle managing through a downturn. My concerns were misplaced. Over Christmas 2008, the team (with some nervous encouragement from us) developed contingency plans that they implemented in early 2009, holding on to SRAM's human talent and core competencies while tightening the company's belt and maintaining industry-leading margins. By summer 2009, SRAM was once again on a growth trajectory. It was then that I realized what an especially talented group of people we were working with. That realization was reinforced quarter after quarter, as SRAM executed on its plans.

In early 2011, with the company firing on all cylinders, Stan came to me and said that he and the team believed that SRAM's future was as a public company. We very much wanted to support that goal. But we had to find a mechanism that made sense for all investors. While working with SRAM to ramp up the IPO machinery, Stan and I developed the necessary mechanics, and in June 2011, SRAM recapitalized its balance sheet and acquired Trilantic's interest in the company.

The investment was a great success for Trilantic and, I believe, for SRAM. But as important as the financial rewards, we had formed strong personal friendships and an enduring relationship between our firms.

It is a pleasure to serve as a director of SRAM as we begin the next 25 years. SRAM is a remarkable business. I know of no better people or company. Riding a bike ain't so bad either.

CHARLIE WALKER



—

INDEPENDENT DIRECTOR
HILLSBOROUGH, CALIFORNIA, AND ANNECY, FRANCE
JOINED SRAM IN 1990
RIDES A TREK PROJECT ONE CARBON AND
A SEVEN TITANIUM

I joined SRAM as the company's first independent director. There were two things Stan wanted me to do. First, he said, I want you to wear a coat and tie. He wanted to reinforce a sense of decorum and seriousness at the highest levels of the company. It was the early days, but he wanted to create a more formal atmosphere for decision making. So I went to the first board meeting in a coat and tie. I could sense that F.K. was rolling his eyes, even as he joined in the theater by wearing a sport coat as well. Of course, in the end, F.K. won out!

Second, Stan was giving out stock options so that various people around the company would own a personal stake, and he wanted me to be an effective voice on behalf of the non-Day shareholders. If and when it was appropriate to do so, I attempted to see things from a nonfamily point of view and take up the cause of the employees.

As part of this representative role, I went out of my way to get to know everybody in the company. I got to know employees over drinks (and by drinks I mean beer: this isn't a company whose employees drink "cocktails"), dinner, and overnights in some of their homes. I met their spouses and got to know their significant others, their pets, their job functions, and their hopes and dreams. So I got to know the very essence of the company through the eyes of its employees. I didn't know what people would think about this role, but I think Stan and I were in sync on this, and he agreed it was an important aspect of my job. If I was going to be a voice of the employees, it was critical that as the company grew, I remain in touch with the organic essence of SRAM.

From the beginning, I felt that SRAM needed to be more than a shifter company. Single-product companies have a very difficult time surviving and thriving. I thought it was essential to get the company to think that too. At the time SRAM was becoming very profitable. So it was easy to forget the implications of being just a shifter company. They were sometimes prone to saying, Hey, we're happy making shifters, so who cares? I'd say, No, if you're only a shifter company, you're doomed to not have a company. I said, You'll either be bought out because you were successful or get crushed because some other company will emulate your product and figure out a way to sidestep your patents. At times, I felt like a broken record. Even Stan would probably agree he resisted me on this for a long time.

In any event, Stan said no to the suggestion of purchasing Sachs for three years. I was beating that drum, insisting at every board meeting on a need to diversify either by acquisition or development. I disagree with the notion that the primary role of the Sachs acquisition was that it gave SRAM a pathway into metals, although this too proved to be a critical step in the company's evolution. Rather, it was this acquisition that broke the knot of SRAM remaining a single-product company. Further, I believe it was this confidence-booster that gave management the strength and courage to, over time, take on additional acquisitions. It infused management with a sense of "Yes we can."

In the end, we all like to focus on what we did right, for therein lies the fun. But not everything went as well as planned or imagined. I certainly had my failures. For instance, I failed early on to persuade the company to institutionalize quality as "job number one." Quality has always been important at SRAM, but I wish I had done more to make it the number-one priority back in the '90s. The early 2000s would have gone more smoothly had I recognized the difference way back then. This is largely long-lost history these days, but we are writing history, so let's get it all out on the table, right?

What's really important these days, however, is not the history but what the company does today going forward. And on that score, I can report the company is continuing to plow ahead and do what it does best: inventing innovative, cutting-edge products and introducing them to market for the benefit of bike riders worldwide.



CHRIS RAYMO

—

ENGINEER
CHICAGO
JOINED SRAM IN 1996
RIDES A BH RX1

I grew up in Arlington Heights, the youngest of eight kids. While I loved hanging out with all of my sisters, I was often more interested in the mechanical and sports stuff my big brothers were up to—classic little-sister syndrome. My dad sold nuclear medical equipment to hospitals, and I think that's how I ended up studying nuclear engineering at Iowa State. I was also a springboard diver there. When a recruiter called me about this company looking for an "engineer with an athletic background," I just had to interview. Mike Larson had been a swimmer at the U of I—we had an instant connection.

When I first arrived in 1996, I was working on shifters, helping expand the Grip Shift platform. Things had been going very well for SRAM up to that point, and they were committed to growing. But growth can be difficult. Our introduction of ESP rear derailleurs hadn't gone well, and there was a series of other missteps that tainted our reputation.

That period taught me a lot about the importance of brand integrity. The ability to develop a great product is one thing, but to maintain a culture of high-quality innovation is quite another. I learned that customer disappointment can haunt you for a long time. That trust is not easy to rebuild. I really take that to heart in my projects today. Luckily the industry had high hopes for SRAM, and we worked hard to regain a solid identity as an industry leader.

As SRAM grew, acquisitions gave me the opportunity to work on a variety of products. But I never strayed very far from shifters. Development focus moved from composite twist shifters to triggers that use metal pawls and ratchets. It was a natural progression as we strived for a more mechanical feel and a sense of precision. It can be a real challenge to quantify subjective targets like noise and feel in an engineering spec, though. In fact, I still struggle with it today. Over time, however, I like to believe I've gotten better at recognizing when these more subjective goals have been achieved.

To date, I'd have to say that my favorite project has been the DoubleTap shifter for our first SRAM road group. The excitement on that team was spectacular. When we looked at the mechanism that Brian Jordan, Kevin Wesling, and Chris Shipman had developed, it was hard to guess if it would make any sense to riders. Explaining the mechanism function sounded quite complicated, so the only way to answer the question was to build one and ride it.

For a number of reasons, it's not easy to prototype a road shifter. You can't sculpt one out of foam. To machine a single one of the complicated composite hoods takes days. Iterating ergonomic elements is the key to a successful package, but iterating is difficult due to expense and time constraints. It's a daunting task to get it all right, but again, we had a great team and somehow balanced it out. Even after we closed in on the final package details, I feel like we could have iterated forever. That's because absolutely everyone inside SRAM had some opinion about how to make a small improvement. At some point, though, you need to just get the samples into the hands of a wide variety of people and sit and wait for the feedback. That can be a scary step in the process.

Getting those first assemblies into the hands of real athletes was a true test and a real thrill. Parts went to two riders, one of whom was Jesse Lawler from Jittery Joe's, a Georgia team. He raced with the parts at a national criterium in Downers Grove. Seeing Jesse finish strong on our first components is something I'll absolutely never forget. Since that time, every athlete victory, from the local group-ride sprint to a European cycling classic, always feel like a little personal victory. It's great.



DAVID ZIMBEROFF

—

GLOBAL MARKETING DIRECTOR
CHICAGO
JOINED SRAM IN 1995
RIDES A SPECIALIZED ROUBAIX,
A CANNONDALE EVO, A YETI ASR CARBON,
AND A KETTLER CITY SHOPPER

I studied industrial design in college, and right out of school I landed a job with Herbst LaZar Bell, a big design firm in Chicago. I was designing all kinds of consumer electronics, from mobile pagers to household irons. One day, F.K. pops in the door. He says, "Can you help us design a derailleur?" I was on a team of five that helped with some conceptual renderings that were used to sell customers on what would become SRAM's first rear derailleur. I was also the only guy with a mountain bike.

A derailleur is definitely a form-follows-function device, and the SRAM engineers didn't quite know how to sculpt it. So they hired us and we did 12 renderings, of which two were mine.

Then F.K. comes back a couple months later. They wanted a catalog that would include a picture of their new derailleur. But they didn't have the derailleur yet. I knew that all the high-tech companies were using digital rendering software to show off products they hadn't produced yet. I used that technology to create some images for SRAM. And it blew them away.

So F.K. extracts me from my noncompete with the design firm, and on my first day at SRAM he says he wants me to build the company an industrial-design department. On my second day I went to Sea Otter in Monterey for my proper bike-event indoctrination. If F.K. had said he wanted me to do the job for free, I would have said yes. It was a dream come true to start a design department from the ground up.

I would work hand in hand with the engineers, who'd bring these breadboard mechanisms that looked like a derailleur somebody made out of Legos. I had to sculpt it, because it had to be beautiful. But you had to preserve the integrity of the mechanism and structure. I couldn't take off too much in one area because it might break, but you had to do some horse-trading. I'd say, Guys, you can't do that line in this area because it will look ugly, so help me out. It had to be beautiful in the end.

The thing about that first derailleur was that we were all so young and everything was so new. We didn't know metalworking at the time. Just one example is that we made the one outer link out of zinc. Today we make it out of forged aluminum. So there were things we were doing that we really shouldn't have done.

The other thing about that derailleur was that it made us face up to an identity crisis. Until that derailleur came along, we were Grip Shift. Everybody here said they worked for Grip Shift. But as soon as you make a derailleur, you can't call yourself Grip Shift.

So we called the derailleur the SRAM ESP 900. But from the corporate brand perspective, we were saying, Man, we've got to get out of the Grip Shift shadow. We can't be the Grip Shift guys forever. So later, when I was doing 50 percent of the marketing and 100 percent of the industrial design, I came up with was a bridge strategy that revolved around our logo.

I said, Guys, we have to elevate SRAM slowly. I showed them a logo design. I had taken the squiggly G logo from the Grip Shift logo and put that over the word SRAM. They approved it. And it really worked, because it connected the two brands. And though we had planned to keep that bridge logo in place for three to five years, we ended up dropping Grip Shift sooner.

I took over marketing entirely in 1999 and handed off industrial design to the team in place. Over the years that followed, I built up the marketing department to what it is today, managing all aspects of brand imaging and sports marketing for all our brands. We have the most amazing global marketing team in the industry, and it's a true pleasure to work with the team every day.



DENIS KELLEHER

—

VICE PRESIDENT OF EUROPEAN OPERATIONS
WATERFORD, IRELAND
JOINED SRAM IN 1995
RIDES A CANNONDALE BAD BOY

I was born in County Cork, Ireland, the eldest son of Michael and Maura Kelleher. I had four brothers. My dad, a hard-working farmer, raised us in a fairly disciplined way. However, I recall that my mom was the real boss and had the final say in all big family decisions.

It was expected that I, as the eldest, would take over the farm when I returned from boarding school, so my dad wasn't especially supportive when I announced I wanted to go to university to study engineering. I graduated with a mechanical engineering degree from the University of Limerick in 1979 and moved to Zambia to work with a copper-mining company. In 1983 I returned home and was offered a job with Molex, an electronics connector company based in County Clare. I never met Stan or Jeff or Merc while with Molex, but did work with Rob Martin.

In 1990, I married Anne, and we now have two daughters, Claire and Kate, and a son, Michael. We live in Tramore, County Waterford. (An interesting fact is that my golf handicap was 10 before I got married—now it's 15.)

In 1992, I joined the board-game manufacturer Hasbro. Waterford was their largest European production location and produced games like Monopoly, Connect Four, and Battleship, to mention a few. I was a very popular dad during this time, as I was on the test panel to evaluate new games. Hardly a week went by when I didn't have a new game for my kids to "report" on.

I met Jeff Shupe and Stan in early 1995, when I was asked to establish what would be SRAM's first European production facility in Ireland. So began my career with SRAM.

In 1998, after SRAM acquired Sachs, I became vice president of European operations and took over management of their European factories. Sachs had two factories in France, one in Portugal, and one in Germany. Those initial years were an integration challenge and a great learning experience. The Spectro seven-speed product manufactured in Germany was hugely important to us and was SRAM's cash cow during this time. However, competition targeted the internal-gear hub business, and prices plummeted. We went from having a 65 percent European IGH market share in 2001 to 10 percent some years later. My primary job became to cut costs and restructure our manufacturing base in Europe.

Yet SRAM's growth has been phenomenal during these years, and Asian manufacturing capacity was expanding to reflect this. In 2007, Jeff Shupe became chief operating officer, and I replaced him to live in Hong Kong as VP of global manufacturing. This was an exciting time, but unfortunately I had to return home at the end of 2009 for family reasons. This was extremely disappointing for me at the time, but in hindsight it was the right decision from a personal standpoint. I reverted to my role as VP of European operations.



DHIRAJ MADURA

—

DIRECTOR OF INDUSTRIAL DESIGN
CHICAGO
JOINED SRAM IN 2000
RIDES A SWOBO CROSBY

My parents and I came here from India. They worked hard for me to attend Marquette University. But I couldn't find my place there. I studied philosophy, German, math, biology, and other things, but I never found something that stuck. Finally, when I was 24, I decided to go to the Milwaukee Institute of Art & Design to a get a degree in industrial design. When I told my parents, they freaked out.

But I knew that this was what I was meant to do. So I helped pay for school, and I moved home with them and worked on paving and asphalt crews for two summers. It could get really hot working on those jobs seven days a week. I had to be at the job site at six in the morning.

I graduated and worked a series of jobs, designing everything from garden tools to a bicycle headlamp to a tent. I interviewed with David Zimberoff in 1997, but another job opportunity arose before he was able to hire me. I finally was hired in 2000, shortly after Kent Solberg took over Dave's role as head of design. For the first month I worked here, I lived in a tent in Kent's 6,000-square-foot loft.

What is amazing about SRAM is that we get to work on designs that actually get made, and the design department is central to the process. And we work very closely with the product and brand managers. We talk about ways that the design cues in the products can be used to help market the products. We sometimes even work on naming the gear.

Design makes a huge difference. Look at the cranks and chainrings in SRAM's new Red road group. In the old Red group, the cranks and chainrings are similar in look and feel to our less expensive Force group. People who wanted to save some money would substitute the cheaper Force cranks, and nobody looking at their bike would notice. So we totally reinvented the new Red cranks and chainrings, using the racy design cues you see through the rest of the Red group. Now if somebody spends the extra money for the Red cranks and chainrings, everybody notices the visual difference.

My parents are happy with me. I like being here, and that's what they always wanted.



DIRK BELLING

—

EUROPEAN MARKETING AND
COMMUNICATIONS MANAGER
MUNICH, GERMANY
JOINED SRAM IN 1996
RIDES A SCOTT SCALE 29ER AND A CANNONDALE EVO

As a kid growing up in Corburg, Germany, I raced my road bike. But I wanted to be a commercial pilot. Lufthansa said no. They never told me why, but I suppose it was because I'm too emotional.

I went to university only to find out learning from books is really not for me. So I looked into the real world. I did apprenticeships in photography and journalism at Germany's *Bike* magazine, spending a few years editing and shooting photos. I was lucky to be a leading member of the team that started *German Mountain Bike* magazine. After meeting many interesting people in the bike industry, I made the change to RockShox, where I did global public relations.

In the late 1990s, Paul Turner came up with a marketing concept called the RockShox Explorer. We traveled the world with our mountain bikes: Baja, Mexico, Brazil, Moab, Spain, South Africa, New Zealand, and so many other places. It was fun, but it could be tricky. I got detained for four hours by customs officers once going into Rio, because I had about 20 RockShox forks with me and they said I needed to pay extra to bring in commercial merchandise. We were nearly arrested in New Zealand when a drug dog didn't like the smell of one of the bags that belonged to somebody in our entourage. And in South Africa, Hans Rey insisted on getting out of a safari vehicle so I could shoot a picture of him near a rhino we spotted.

Most of the promotion we had done involved racers. Paul said: "We've done enough with racing. We need to go show what real people do. They just ride bikes." So he gave us a travel budget, and it became my job to go around the world with my camera and shoot photos of Greg Herbold, Hans, and friends with RockShox forks in these exotic places. Greg would write an article, and we'd just give these pieces to the bike magazines.

In South Africa, in the middle of a Big Five safari park, Hans says, "I need a picture." Our guide says, "Stay in the car." But Hans gets out of the car—with his bike—and he stands there between us and the rhino. "Just take a picture," he says to me. So I'm there with my camera, and the guide is next to me with a huge gun, and he's saying, "OK, I guess I'll have to be the one who kills this rhino because this guy wanted a picture."

To get the perfect shot, I sometimes I had to play the part of the German army officer, like the time we had to wake up at 5 a.m. after a long night of partying in Rio. We almost missed a 6 a.m. photo shoot at the Christ the Redeemer statue atop Corcovado mountain. In the end, we got the perfect shot. So everything else is history and we can laugh about it.

Being 45 now, I have kids and routines. It's my goal to help the SRAM MarCom team expand the awareness of SRAM here in Europe, especially among riders of urban bikes. But when I look back, those three years doing the RockShox Explorer trips with HB and many other great people were such an incredible time in my life. We experienced the ultimate freedom.



ED NASJLETI

—

DEALER SERVICE
CHICAGO
JOINED SRAM IN 1996
RIDES A CALOI MADE BY EDDY MERCKX FOR STEVE BAUER

I had reached a frustrating point in college. I was maybe a year from graduating when I left. I started hanging out at bike shops. I'd grown up around bike shops in Boston area in the 1970s. Now I decided I really wanted to work at a premier store. So I took a job with a very high-end shop called RRB Cycles in Kenilworth, IL.

This was a race-oriented shop. And my fellow mechanics and I were always looking at new equipment from a skeptical racer mindset. We were working inside a very rigid set of ideas. I remember very vividly that the first time I saw clipless pedals, I immediately dismissed them: "That's stupid, nobody will ever ride that." Even downtube index shifters. I said: "Who needs that? Bikes shift just fine with friction."

So F.K. and Sam Patterson came in to RRB to show us their shifters in 1989. We listened to what they had to say. Then we experimented with their shifter until we broke it. And we dismissed it. They were nice guys, but we said, Look, it's plastic and it breaks. It was on the end of the handlebar. To us, the idea of never wanting to let go of the handlebar was pointless. It didn't bother us to let go of our handlebars. We had no concept of wanting continuous access to shifting as we rode.

So F.K. and Sam leave. And after they do, Ron Boi, the shop owner, takes the shifter they left for us and wraps one piece of duct tape on it. That fixes it. And we say, Wait a second. You could never do that with a down-tube shifter if you crashed and broke it in a race. As somebody who knew about neutral race support, the idea of being able to easily fix a shifter was interesting to me.

So the next day I drove down to see F.K. and Sam. And I said, Hey, this really is cool. It makes sense. We have a junior race team sponsored by Kestrel. How about we put this Grip Shift stuff on their bikes? And they hooked me up with the guys who handled sponsorship, and they were great. They gave us 10 sets of shifters and told us if something happened to the product, bring it back. And it was easy to install.

Grip Shift had almost no moving parts. It had much better accuracy because of the bigger take-up reel. It moved shift cable back and forward in a precisely metered way. And later, when Ron looked at product—it wasn't me, it was Ron—we realized we could even use it with Campy or SunTour for index-shifting. And you couldn't wear the cam out. You could lube it with Vaseline or Crisco. It didn't matter. You could disassemble it in a few seconds, wash it with water, blow it out to dry, and you had a clean system again. Super easy. And perfect for cyclocross. Dump your bike in the mud? No problem. Rinse it. Nothing else could do that on the course.

So with that product, you had durability, effectiveness, and simplicity.

Anyway, I'm hanging around at Carroll Street a lot that year, and F.K. says, What would you think about working with us? We really can't pay you all that much, but you'll have a good time, he says. But I was like, I'm working at a million-dollar-a-year bike store. You guys are running a business that may not be around in a couple of years. I guess I still really had the wrong attitude.



GIDON COHEN

—

BOARD OF DIRECTORS
CHICAGO
JOINED SRAM IN 2003
RIDES A NOVARA WITH SRAM COMPONENTS

I spent the first 22 years of my life in South Africa. After attaining a Bachelor of Commerce there, I moved to Chicago. In 1982, I graduated with an MBA from the Kellogg School of Management. I then spent 19 years at various Wall Street firms, specializing in investment banking and mergers and acquisitions. Over the past 12 years, I have been an investor in and board member of several companies.

In early 2003, after a referral by one of SRAM's bankers, I met Stan and F.K. Day, who were interested in broadening the SRAM board. I immediately sensed that SRAM was a unique company with a special culture.

When I asked what the company's objectives were, Stan and F.K. said they were committed to building an enduring company that would be the best in the bicycle components industry by innovating and partnering with bike OEMs and dealers to bring new and better riding experiences to cyclists worldwide. There was no mention of any financial metrics. They understood that for SRAM to grow, it would have to focus on the complex SAP software system, build a global manufacturing platform, and make a massive commitment to research and development. How refreshing, after seeing so many other companies obsessed with short-term financial results.

I have enjoyed adding an outside perspective on certain strategic and financial issues. I've stressed that it is important to manage the company in a manner that achieves steady, predictable financial results without compromising its culture and long-term objective of building a great, enduring company. I have also brought some experience and perspective to SRAM, advancing its governance practices and ownership structure. That's evidenced by the Trilantic minority equity investment and by the foundations that are in place for a potential initial public offering in the future.

After nine years on the board, I can confirm that SRAM is indeed a unique family of great people. They are committed cycling enthusiasts with great integrity and humility. They possess a missionary zeal to improve the bicycle industry and to reach new frontiers in product design and innovation. They've built a learning organization that is in search of continuous improvement.

I felt very proud when F.K. started World Bicycle Relief to extend SRAM's bicycle expertise first to aid tsunami victims in Sri Lanka, and then to help lift productivity in Africa. I feel very fortunate to be part of this incredible group of people who are really making a difference.



GLENN TSAI

—

TAIWAN FACTORY MANAGER
TAICHUNG, TAIWAN
JOINED SRAM IN 1996
RIDES A BEATER

I was born in Taiwan and grew up in Taichung city. My father was the assistant to the president of the Canon factory in Taiwan. Taiwan was different then. If a kid was riding a bike, it was to get to school and back. Now kids ride bikes for fun. My son, who's 21 and studying to become a dentist, plays table tennis.

I majored in industrial engineering at university. Then I went to work for a Japanese company, RCA. That gave me some experience in the local manufacturing scene in the northern part of Taiwan. I worked in electronics factories up there for quite a while.

In 1996, I saw an ad in the paper that SRAM was looking for an assistant to its factory manager, Hank Hsu. I didn't know SRAM very well. It was a small company with very low revenue. At that time, I didn't know if it could grow very much more. But I came here, and Hank and Jeff Shupe interviewed me. I thought Jeff was a very smart guy. And the SRAM factory was in Taichung, just 30 minutes from my home. I wanted to return here, to be close to where I had grown up. So I took the job.

It was different working here. Before SRAM, I had dealt with huge electronics companies. SRAM was very little, just producing one product. But I felt the people were very good, so I thought we'd grow eventually.

Then SRAM Taiwan grew. Even during the bad times, we grew. I think it was not very long after I arrived at SRAM that I thought, Yeah, this might be my last job. When I arrived in 1996 there were only 100 people and only 10 engineers. Today we have more than 100 engineers. In 1996 most people rode motorcycles to work. If anybody were lucky enough to have a car, he'd park by the side of the road near the factory. Today our parking lot is huge. There are probably 200 cars out there.

And it's still growing. Along the way, I've been to Chicago maybe five times. I've been to Schweinfurt, Colorado Springs, Portugal, and China. I am grateful to see the growth happening every year. Even during the economic crisis, we were growing. SRAM has a very strong marketing and sales team. So I think it will keep growing.

About 15 years ago, we had a lot of young managers in our Taiwan factory. People would ask why there were so many young managers. Today, after 15 years, nobody's leaving. Maybe someday they'll start asking me why the managers at SRAM are so old.



HANK KAO

—

GENERAL MANAGER, ASIA
TAICHUNG, TAIWAN
JOINED SRAM IN 1992
RIDES ROAD BIKES BY ORBEA, FELT, MERIDA,
AND CUSTOM "DRUNKEN DRAGON"

My father came to Taiwan with the military in 1949. He became a doctor here and started a family. When I was a kid, I liked river fishing. Back then, if you caught a fish, you ate it.

I wasn't sure what I wanted to do for work. I studied computer science at the Illinois Institute of Technology for a year, then I went back to Taiwan. I worked in purchasing at an air compressor company.

When I first met Stan, he was setting up his first shop in Taiwan. He interviewed me for sales manager. But I also had an interview with Falcon, a bigger manufacturer of cheap bike parts. I thought, Well, Stan's company had only 10 people, and Falcon had 350. I didn't know about the bicycle business, and I thought Falcon looked more secure.

So I took the job at Falcon.

They laid me off three or four months later. I think it was because I was the only person on the sales team who wasn't related to the family that owned Falcon. So I called Stan and told him. Stan says, "Don't go away, I'll fly back and see you. Just don't go away. I'll fly back." And when he got out there we talked, and he asked me if I would work with them.

I still had no idea what Grip Shift really was. I wasn't absolutely sure what it was for. But I could smell an opportunity when I met Stan, F.K., and Sam Patterson. Sam was the one who came to Taiwan and finally showed me how Grip Shift really worked. I thought, We do have a future because this thing is different. Nobody else has it. We just need to sell it to a market that doesn't understand it yet. I could smell it.

The first few years had been really tough. Nobody wanted to buy Grip Shift. Shimano had resisted efforts to break the groupo. Fortunately, the lawsuit changed that. Then Merida put in a huge order and the market opened up.

I think Stan is smartest leader I have ever seen. He started by working hard and he still does. And he still rides his bike and wears a Casio stopwatch. He's still fully engaged. We've learned as we go. We've never been satisfied.

Shimano is already 90 years old. We're 25 years old. Our revenues are about one-third of Shimano's now, but I remember when we were one-fifteenth of their size. Still, it's hard to believe how we've gone from a few people back when I was hired to see it approaching 3,000 people now.



GREG "HBALL" HERBOLD

—

SPECIAL AGENT AT LARGE
IGNACIO, COLORADO
JOINED SRAM IN 1989
RIDES 25–35 VINTAGE MIYATA BIKES AND 20–35 NEWER BIKES OF MANY BRANDS

Growing up in the suburbs of Denver, I was blessed with lots of open space and a Schwinn Sting-Ray. I raced BMX and had a little sponsorship from a local dealer. My real passion was motorcycles, and BMX was the closest thing to racing motocross.

In high school I was able to get a job cleaning up at the local motorcycle shop and finally could afford a dirt bike. I started racing and won several races. I had to ride my motorcycle to the trails and had a run-in with the cops. I lost my driver's license for a year.

I hated riding the school bus, so I rode my bicycle 40 miles a day back and forth to East High in downtown Denver. I could leave after the bus did, drop by my girlfriend's house for 10 minutes for a quick make-out session, and still get to school on time. You could say that was my first experience with endurance cycling. Somehow I was unknowingly training for a sport that really did not exist yet.

The last few years in high school my motocross career was booming. I was on one of the best teams in Colorado and learning a bunch working as a motorcycle mechanic. My dad gave me the choice of going to college or moving out … so college it was!

Fort Lewis College in Durango, Colo., had an amazing system of trails in the mountains around town. I had to sell my motorcycle for money for college but needed a moto fix, so I bought a BMX cruiser frame. I took the parts from one of my old road bikes and built my first mountain bike. And that's how it all started. I was trying to replicate the feel I had on my motorcycle with this bike, which wasn't anywhere near ready or capable. Within a month I totally destroyed my bike, but I had a great time. I met some hippies in town who were riding modified old cruiser bikes, and they took me on long, epic rides and helped me find stronger parts. Although being a moto-crazed city punk I did not really fit with the hippie band, I had a great time with those guys, and they taught me a lot about riding bikes in the mountains. Like how to climb them.

I continued to mountain bike during college and did some local races. At the races, I'd see guys who were sponsored, and yeah they were beating me, but not by a lot. I would see them in magazines and think to myself, I could do that. I could hang with them, but I couldn't beat them. After graduating in 1986, I decided to forgo the big-time job and concentrate on racing bikes. I knew these new bikes were cool and fun and figured the sport would take off. I worked at a local bike shop and trained and lived and raced as much as I could, and was able to win some local races in 1986.

In 1987, I got a sponsorship from Miyata bikes from Japan. They gave me two bikes and $500 to travel. Bicycle Bob Gregorio and I were the team, and we were supplying Japan with product reports and many broken frames. We did all the Colorado races and decided to use our leftover change to drive to Mammoth Mountain to race the Kamikaze—the most famous race of the time. We did pretty well in the stage race, but the promoters were holding a special race afterward that nobody had seen before: a mountain bike dual slalom! I was pretty much broke and had barely enough cash for food, beer, and gas, and certainly no rent money for when I got back to Durango. We studied the rules for this dual slalom race, and it said there's a $500 first prize. And it was mostly downhill. "I can win this thing," I said to Bob. The $500 would also save the day and make the trip worth it. I was desperate and hungry to win and desperation is a good motivator.

The dual slalom course was super fun and seemed perfect for me. Racing head to head, I kept winning. I went against Mike Bell, one of my motocross heroes. He had just retired and was trying his hand at mountain bikes. I beat him. I was up against many fast and famous guys and I beat them all. It was my first big pro win and I got the $500! Life was good, and let's just say we partied hard at the campground that night. It felt like all the hard work had finally paid off.

I get back to Colorado, and it's my first day at work at the shop. The phone rings, and it's Mr. Miyata from Miyata bikes. Really. He had been faxed a press release in Japan about the slalom race, with my picture on it. (Thanks, Zap.) It said, "We're very proud of you, and we want to send you more test bikes." It was so sweet.

I got a lot of calls that week from all kinds of companies wanting to work with me. I used my business major to respond to them in a timely and professional manner and arranged several deals in one week. (Thanks, Dad.) In 1988 I won the U.S. national downhill title. I won it again in 1989, as well as several other races. Pretty soon I had enough sponsors that I could race and train full-time. I was the guy in all the magazines now. That was cool, and it pulled chicks (a little).

In 1990, the UCI announced they'd hold the first-ever official world championships for mountain bikes in—get this—Durango, and would include both cross-country and downhill racing. I focused all my energy for the whole year on winning that race. I rented a cabin close to Purgatory, where the race was going to be, and basically trained on singletracks all over the area. It was the first time that I was building up my bike specifically for going downhill, and the addition of an ever-improving RockShox suspension fork made my speed increase almost every ride.

Tensions were high. Mr. Miyata came from Japan to watch me race. I put a lot of pressure on myself and of course puked a bunch before my start—that was normal for me at big races. Somehow I pulled off the win by about four seconds. That five minutes flying down a mountain would change my life forever.

By the time I won that race, Grip Shift had been pestering me for a year. They wanted me to come try Grip Shift. I'd been working as a test rider for Shimano. I worked on SPD pedals and a variety of other developments. They paid me $500 a month to test their gear and write a report. I'd go to Japan two or three times a year. They showed me all about how parts were made, and they were pouring huge amounts of research and development into MTB components. I was gaining an immense amount of knowledge. But they were arrogant. Leading up to the Worlds, they didn't want to pay us to race. I won the Worlds, and they sent me some gold-plated SPD pedal. That was nice, but considering that we, the racers, were selling mountain biking as a whole, which they greatly benefited from, it was very disappointing. They were the only sponsor that I had that did not reward riders for racing successes, and they were the biggest fish in the pond.

Merc and F.K. from Grip Shift kept coming back to me. I was frustrated because I was taking chances racing on Shimano's prototype equipment. I felt like they were using us like guinea pigs.

I wanted to win races. Shimano made almost all the parts on my bike, and they were very high-performance. The SRAM guys only had a shifter. But they were honest, American, and very persistent. They said they were absolutely intent on building a quality product and staying in the bike business. And they wanted to reach that high-end performance market, and they had a plan to get there: selling in the mass market and developing and growing Grip Shift. As a business major, I saw that plan made sense.

So they asked me how much it would take for me to run their shifters. It was a large number for the time, but I was taking a chance on them and they were taking a chance on me. I would have to sever my Shimano ties. This was 1991. I knew it was time for a change. Shimano countered with an offer to pay me $700 a month to stay. So I came on board at SRAM, and I set out to help them create a real test-riding culture. I brought over all my test-riding procedures, everything I developed for Shimano. It's not just field reports. It's about how Shimano operated and how they designed, and their philosophies and everything. I never signed a nondisclosure with Shimano. When I see those engineers I used to work with at Shimano at trade shows and events—and some of them are pretty old now—they admit they regret losing me that day, and I always thank them and show respect for the experiences and technology I gained working with them.

I retired from professional racing in 1997, tired and just wanting to ride my bike at my own pace. There is no way I would have known that the mountain bike would take me all over the world, introduce me to so many nice and interesting people, provide a career and lifestyle like no other, and still be a huge part of my life some 30 years later. SRAM has been a huge component of my success, and I like to think I have been a beneficial component to the growth and success of SRAM. I currently live outside Durango and Moab, Utah, where I continue to test and develop products for SRAM—albeit at a much slower speed.



HENRY WANG

—

GENERAL MANAGER
GUANGDONG, CHINA
JOINED SRAM IN 2003
RIDES A CUSTOM ROAD BIKE, FRAME BY GIANT,
WITH A RIVAL GROUP

My parents were in the Chinese army. So I grew up in this army culture. There were a lot of soldiers around. My father was a teacher at a military school. We had to follow his rules back home. So when I was young, we would wake up by 5 a.m. to get up and go running.

When I was ready for school, I thought about trying to enter a military academy. But my eyesight wasn't so good. So I went to a technical university and studied mechanical engineering. And I worked for Shimano for eight and a half years, in production and final development. I learned a lot there about forging and stamping and manufacturing. Jeff Shupe found me through a headhunter, and I joined SRAM in 2003.

Now my goal is building our manufacturing core competency. In Guangdong we still get most of our parts from suppliers. We assemble. But we're changing that. We're installing CNC machines. And we're going to open a new plant in Kunshan next year. We hope the government will give us the building by March or April so we can be in production by June or July.

We're still a distance behind Shimano when you look at our manufacturing core competency. Their cold forging and stamping is extraordinary. Their electroplating and heat treatments are all done in-house. Because of this, they have the largest scale of the parts business, and they can drive costs down and still maintain quality control. That's our target for SRAM now.

I don't get up and jog at 5 a.m. anymore. But I leave for work at 7:30 and I get back home at 7:30. I ride my bike 15 kilometers each way.



HUANN JANG

—

FINANCE MANAGER, TAIWAN
TAICHUNG, TAIWAN
JOINED SRAM IN 1991

I saw an advertisement for SRAM. They wanted an accounting manager. When I was in the States, Americans had been really nice to me. So I knew it was really good to work for Americans. F.K. and Stan and Jeff Shupe, they're really nice. Plus I thought it would be a chance to improve my English. You don't get that many chances to speak English if you work for a Chinese company.

SRAM was small. When I was chief of accounting at a transportation company, I had 44 people under me and I had worked on huge, complex budgets. SRAM was a brand-new company. But I thought I could really influence things. I thought I could try to improve what they were doing.

I've never really worried much about the size of SRAM. It was very small. Now we have about 1,500 people in this prefecture. But keep in mind that Taiwanese transportation company had 14,000 employees. So for me, SRAM has plenty of room to grow.

Do they think I'm important? Really, I'm nothing. But even if you're working on something small, you put your heart into it. You convince yourself you have to achieve your goal. If you fail, at least you've done your best. You've tried to be that important little screw in the big machine.

So much has changed since 1991. Taiwan wasn't really a developed country then. We didn't have many of the new cars on the streets. We didn't even have good shampoos and conditioners in our stores. So I would always bring them back with me and give them to my family members. Now Taiwan has all the same things you see back in Chicago. We're a small island. But we've really improved.



JASON WEST

—

HEAD OF AFTERMARKET PRODUCT
INDIANAPOLIS
JOINED SRAM IN 1996
RIDES A RIDLEY X-FIRE

I studied industrial engineering at the University of Illinois in Champaign, and when I graduated, in 1992, the job market was really weak. I started working for a company that did injection molding, and I was a quality manager for them from 1993 to 1996.

I've always been a runner, and I started fooling around with duathlons. I bought some aero bars for my Cannondale. I put Grip Shift on the bars, and on the box it said "Made in Chicago." A while later, when a recruiter was trying to help me find a better job, he got me an interview at SRAM. They wanted a quality manager at their Elk Grove Village plant. So I came in 1996.

I got here, and the first or second week, we did soft production of the ESP rear derailleur. Not long after that, we had to admit things weren't under control. I remember being with the toolmaker and Shupe in the factory. The guy took out the die grinder and made the mold a little bigger. We looked and said, Yeah, that ought to do it. You had to guess. Later we'll figure it out.

We got put in the penalty box for sure after that. In the next few years, I helped shut down our plant in Elk Grove Village. I worked on getting a new plant set up in Chihuahua, Mexico. Then the company starts developing the X0 derailleur.

The feeling was we had to make sure this was right. We didn't have a trigger shifter with it, but we'd get that later. That one had to be like a piece of jewelry. Cost was no object. We'll make the best derailleur ever and figure out where it prices after that. It was all our best efforts rolled into one thing. And it was a huge step forward.

Meanwhile, I went to work on RockShox. We bought them in February 2002. The business was just hanging on by a thread. But Stan had been really patient and bought them at the very end.

It took a while to get it turned around. We moved production from Colorado to Taiwan in only 11 months. It was remarkable. But the business was still spiraling down. Then Kevin Wesling's crew came up with Motion Control, which is a technology inside the fork that dampens the way the shock absorbs a bump as you ride. That finally got us turned upward again.

Recently, my wife and I moved to Indianapolis. Obviously, the Zipp wheel line is key to Indy. But I'm here because a lot of aftermarket activity is centered in Indy. We learned that a long time ago—particularly in the 1995–98 era, when we made a lot of mistakes. You absolutely have to do right by dealers. We overserve our customers, and that's deep in our culture.



JOAO PIRES

—

GENERAL MANAGER, PORTUGAL
COIMBRA, PORTUGAL
JOINED SRAM IN 1995
RIDES A NO-NAME CARBON-FRAME MOUNTAIN BIKE
WITH X0 9-SPEED

Our business here is bicycle chains. The bicycle chain, one of my colleagues at SRAM once said to me, is that dirty thing that connects the rear cassette to the chainrings in front. But of course it's so much more. The challenges to making a great chain are threefold. They're material, mechanical, and process.

It's remarkable how much chains have advanced since I started. We've gone from bigger chains with bushings and thicker plates to narrower chains with more performance, more tensile strength so they can handle bigger push power. As you add more sprockets to the rear cassette, you need chains that are stronger, thinner, and more flexible. When I got here, each individual chain link consisted of five components: a pin, an outer plate, an inner plate, rollers, and bushings. We've now removed the bushings. Gone. And if you studied how to use chains on normal transmissions, you know that to have maximum pedaling efficiency, the chain should always be as straight as possible. Now chains don't have to be straight. That change happened because we removed that one part.

Later this year, we'll make a major leap forward. You'll see a major design change on chains. As we move from 10-speed cassettes to 11-speed and beyond, it will be physically impossible to have a chain thin enough to work. So we'll have to redesign. That's something that absolutely has to happen. Just like it has happened in microchips, it will happen in chains.

SRAM was the best thing that ever happened to this factory. If it weren't for SRAM, this factory here would be closed. We have about 120 people working here. As people have started to understand SRAM and get a feeling for it, they've gained a different perspective. If you tell somebody in Coimbra you work in the bike industry, they might pity you. But you say it's an American company, it's SRAM, and they're impressed.

The way that we work at SRAM, it's completely different from the way we used to work at Sachs. SRAM encourages development. They believe in the development of products, development of people, and development of the company. It's incredibly rewarding to work in an environment like this.



JOHN CHEEVER

—

ENGINEERING CONSULTANT
CHICAGO
JOINED SRAM IN 1989
RIDES A YETI 575

SRAM was looking for a design engineer. They needed somebody with injection-molding experience, which I had. They had prototypes of Grip Shift, and they were shipping product in very low volumes. They wanted to get costs down and improve the performance.

It was strange when I went to Carroll Street for my interview. Sam answers the door in a polo shirt and shorts. I was used to going to work in a tie. I was sure I was at the wrong place. There were two or three guys in the factory making an early version of Grip Shift. There were maybe 10 people working in the office.

The company I worked for had a rigid corporate structure. They had a bell that would go off when it was time to go to lunch, and another bell sounded when it was time to be back in your seat. At SRAM you just had those 10 guys. They showed up, got things done, and went to lunch when they were hungry. They did their job and left when they wanted to. They offered me a job—a pay cut, unfortunately, but I was at a point in my life where that was possible. So I took the job and started riding my bike to work every day.

Sam had a machine shop set up to fabricate his ideas. He had come up with a process that worked. He didn't have to waste any time handing his ideas off to a team of engineers. He was running things so incredibly lean. I was impressed.

The bike manufacturers had made their criticisms of Grip Shift clear: It was too big; you had to rotate it too much to shift; and it bulged out too much from the grip. We knew what we wanted the new Grip Shift to look like. But we didn't know how it was going to work. Then Sam came up with a mechanism that was smaller, transitioned smoothly from the hand grip, and pulled cable accurately with less rotation. Finally we had the size, rotation, and transition the manufacturers wanted, so we called it SRT—for size, rotation, and transition.

Each year we refined the shifter, but after two or three years, it was time to add new product. We created a new R&D group called Advanced Component Design, and out of that group came the first rear derailleur. Our first task was to design a derailleur that worked well with our twist shifter. We had the idea that the twist shifter was fundamentally better than levers. That's why we zeroed in on the 1:1 shift ratio. A twist shifter can pull a lot of cable. With the traditional 2:1 derailleur, you didn't need to pull much cable. They were set up so if you pulled .75 inches, the derailleur would move 1.7 inches. But with our own derailleur, we wanted to adapt that to our strength. The premise was that if the rider twisted the shifter 180 degrees, you should be able get the derailleur to move through the entire rear cog.

Through the Sachs acquisition, we acquired DiRT derailleur technology. Scott McLaughlin took over derailleur design and made our products more robust every year, improving our precision and making our derailleurs more bulletproof. That led to the X0 and XX derailleurs, which are world-class.

I now work part-time in Patents and Intellectual Property. I mentor people at SRAM. I like to give back. I like to prevent people from repeating my mistakes.



JOHN NEDEAU

—

VICE PRESIDENT OF OE SALES
CHICAGO
JOINED SRAM IN 1993
RIDES A SPECIALIZED TARMAC SL2 AND A
TREK SUPERFLY 100 29ER

I was working as a sales rep for Craig Metalcraft. They did automotive accounts and military work and had developed some sales to the bike industry. I started calling locally on Schwinn and Trek. And that's when I ran into Andy Caron from SRAM. Andy headed up dealer marketing, and he told me they were looking for a sales guy who can meet with OEMs, but I needed to meet Merc. And I just locked myself to Merc till he hired me.

There was such a fantastic culture at SRAM. They were Midwest guys. And they did things the right way. It was a team you wanted to be a part of.

There were no politics. Nobody was threatened by anything. That was the first example of Stan's leadership. And they were doing business on a scale that was new to me. Of course, I didn't know about our vulnerability. In 1994 and 1995, Grip Shift was taking the industry by storm.

Then things got dire. We didn't innovate fast enough or broadly enough. We probably got drugged by the Grip Shift success. Concurrently, Shimano made some antitrust moves. They sold trigger shifters at prices that were below cost, competing with our key shifter. All of a sudden, sales slid hard.

That was a huge business lesson for me. We thought we'd lead the industry in composites, do a plastic derailleur, and that the market was going to support us. We weren't listening. We disappointed a lot of customers. I remember that period like it was yesterday. I was an account manager. I was one of the bearers of bad news.

The OEMs would be captive to our derailleurs. Our samples were late. Then we'd explain that we were still modifying, so the production gear would be late. I was in a mode of continual explanation. It's like when your kids get in trouble. You ask for an explanation and it starts with "What happened was... " Your bullshit meter goes off when you hear that. We set off a lot of bullshit meters in that era. But working at SRAM still felt like an incredible opportunity. The way Stan, Jeff, Merc, and F.K. behaved through those circumstances helped the rest of the staff to never lose hope.

And in 1997, we decided we needed to broaden our base with the Sachs acquisition. That was painful for a while, but gave us a base of business and helped stem the tide. We still struggled with some urban/pavement developments, but got our MTB vision in order.

Finally, we developed the X0 derailleur. We didn't think we could match Shimano with alloy. But with X0, we said, We don't care what it costs or how many we sell. We just wanted to prove we could do it. By then I was managing sales, but you just knew when you got your hands on it that we'd nailed it. You saw how the lead-domino product managers—the absolute trendsetters in the industry—responded to that derailleur. They were so happy. We listened. And they finally had an alternative to Shimano.



JOHN PAUL "J.P." MCCARTHY

—

AFTERMARKET PROGRAM MANAGER
CHICAGO
JOINED SRAM IN 1994
RIDES A REDLINE CONQUEST TEAM CYCLOCROSS BIKE

I came to Chicago to attend the University of Chicago. After I graduated, I taught high school math for four years at a parochial school on the south side. I started needing some extra scratch and was getting a little bored. So I started working at a bike shop called Turin, which had a location in Chicago back then. It paid more than teaching, so I stayed and worked there for four years. I became a buyer for the store.

In the summer of 1994, I had really itchy feet. I had a divorce pending. It was a good time for a change. I got a résumé together and asked Matt Caron if his brother at Grip Shift was hiring. In 1994 it seemed like Grip Shift was suddenly on every bike. And no matter whether you liked Grip Shift or not, it gave you a chance to break up the Shimano spec.

I knew Alex Wassmann because he had worked at another bike shop in town. And I knew John Nedeau, who used to sell us bar ends when he was with Craig Metalcraft—he was national sales manager for Grip Shift. Both of them seemed really happy.

So when Andy Caron calls me, I ask him if he's got a sales rep position. He barks at me: "We don't have sales reps. We have tech reps. Are you willing to travel?"

So I hit the road in the Southeast for Grip Shift. But, you know, the tech-rep gig was beyond my threshold for being sociable. And I hate automobiles. I just loathe them. Even though it was a great job, I knew I could only take it for a year or two. So after 15 months of doing that, I came to Chicago for farmer's wages, working for Andy as a dealer-service guy. Within a week he put me in charge of all our distributors in South America. And not long after that, I became our manager of aftermarket sales.

Since then, my job has gotten smaller and more specialized, while the business has grown. My title is aftermarket program manager. I essentially product-manage our OEM products to the aftermarket—SRAM's OEM price list now has something like 30,000 items on it, and we choose the 2,500 pieces that work for the aftermarket. Back then, aftermarket was $2 million. We're forecast to crest $200 million this year.

My wife and I do own a car that we value. But I don't use it for work. I ride my bike to the office.



KEVIN WESLING

—

HEAD OF ADVANCED DEVELOPMENT
CHICAGO
JOINED SRAM IN 1996
RIDES A SPECIALIZED S-WORKS STUMPJUMPER

At the University of Illinois in Champaign, I got my degree in materials and a master's in mechanical engineering. I went to work for Cooper Industries, a giant U.S. manufacturing company. I was in a rotational training program with them, so I went to Pittsburgh to help make power transformers, then to Cambridge, Ohio, to make Champion spark plugs. Then my girlfriend, who is now my wife, said it was time for me to come to Chicago or she was going to be done with me. So I came back to Chicago and took the first job that came up, at an industrial pump company. That's where I learned how to design.

In 1996, SRAM was hiring, and they needed somebody to get a lot of design work done. I showed Mike Larson a stack of 200 drawings I had done with the pump company. He hired me just out of a desperate need for design horsepower.

When I got to SRAM, my first project was to do the next high-end Grip Shift. I worked with Chris Raymo, which was nice because she is very organized and did all the worrying. That was the only project of that type I ever did, because after one year, I was drafted into Advanced Development by John Cheever.

A few years back, the SRAM engineering group of John Cheever, Sam Patterson, and Mike Larson had decided to break into three groups. Sam was supposed to invent stuff that would come to market three to five years out, mainly big, blue-sky ideas. Cheever started Advanced Development, which was supposed to work on projects due out the following year. And Mike Larson's group was working on this year's products.

In my years as an engineer and manager of Advanced Development, we've worked on many successful and exciting projects, but my favorite two are DoubleTap and Motion Control. Chris Shipman, Brian Jordan, and I developed DoubleTap because we needed a shifting technology to get SRAM into the road drivetrain business. For DoubleTap, there were hundreds of patents to design around and a lot of technical challenges, but I joke today that my single most important contribution was recognizing that it was a good idea when Brian showed me his sketch. And after that, continuing to have the group work on it even after many SRAMmies said it was a bad idea.

The other invention I am most proud of is Motion Control. MoCo is a damping system that is still an essential part of several RockShox models. It was groundbreaking in its ease and simplicity. And it was lighter, worked better, and could be produced at a lower cost. Usually in cycling, we say a product can be lighter, stronger, or cheaper, but you can only pick two of the three qualities. Motion Control was all three.

See, the device we came up with was made out of plastic—it replaced a metal part that was CNCed. Conventional wisdom at the time said we couldn't make a damping system out of plastic. If you looked at cycling, motocross, or automotive suspensions, all the key parts were made of alloy. But Sander Rigney, the RockShox product manager, rode it, liked it, and took a chance on it. It has been a huge product for RockShox.

I've been working with the AD engineers for 15 years. I spend more waking hours with them than I do with my family and I still love working with them. I took over management of the group eight years ago, so now I rarely get to design anything anymore. These days, when I'm not in meetings, reading patents, and all the rest, I like to just hover and help the guys come up with ideas. Every day is exciting, and I am continually grateful for the chance to work with the people who work for SRAM all over the world.



MIKE HERR

—

CHIEF FINANCIAL OFFICER
CHICAGO
JOINED SRAM IN 1994
RIDES A SCOTT CR1

Growing up in South Bend, IN, I always wanted to be in business, and I hoped I would eventually work in the sporting goods industry. After he retired, my grandfather started a little company that did athletic wear out of his basement. He'd have four or five ladies sewing college names onto sweatshirts and jackets down there. I thought that was great.

In 1994, I got a call from Billy Jackoboice, who had graduated from high school with me in Grand Rapids. Just a few months earlier, I'd taken a job as the accounting manager at a small printing company near O'Hare airport. Billy told me they needed an accountant at SRAM. So I came over and met Rob Martin, who was SRAM's chief financial officer, at a bar near the office. He interviewed me and offered me the job.

Entrepreneurship isn't just about starting a company. It's about taking it the whole way through. That's what's attractive at this company. It has been an incredible learning experience. I keep encountering new things all the time.

When we decided to install SAP here, the software had 20 times the functionality we needed. We just used what we needed and ignored the rest. It still has nine times the functionality of what we need today.

I've had to grow with the job. Stan has been very supportive of me through it all. Outside investors would say that SRAM needed public-company experience on its management team, including the CFO. Stan believes it's more valuable to have a team that understands our business. We can learn the public-company skills.

We've met with analysts who'll be covering us. We've done mock presentations to prepare for the road show. We've practiced issuing guidance. And I think we've proven that we can get it done.



MIKE LARSON

—

FORMER VP OF DESIGN & ENGINEERING
SEATTLE
JOINED SRAM IN 1991
RIDES A SEROTTA ROAD BIKE AND A SURLEY CROSS COMMUTER

I first heard about SRAM on a blind date in 1989. I only managed to get SRAM's phone number, not my date's. SRAM wasn't hiring, but I got an informational interview with Sam Patterson, and what I saw was an eye-opener: Here was a creative inventor, bumping along his product with the help of his friends. SRAM had great energy and a cool product. They were in a scary neighborhood. And they were still designing everything—part, products, fixtures—on a drawing board using pencils.

Then in the fall of 1991, I was touring the San Juan Islands in Washington with Linda, now my wife, and we encountered a rider using Grip Shift road shifters, and heard a rumor in a bike shop about a new SRAM shifter for mountain bikes. I wondered: Who are these guys?

The following Monday, I returned to work (at an X-ray tube manufacturer) to threats and abusive behavior from my quasi-psychotic boss, leading me to call SRAM again. John Cheever said to come on down. He said it was cool if I showed up on my bike, in shorts and a helmet. John answered the door in shorts and Batman sneakers. Impressive. We had a fun chat and he showed me an early, pre-production version of SRT 300. I thought: This company was a rocket ship on the launch pad. In two years, they had introduced two completely different and cool inventions. Mountain bikes were exploding in the market. I had to get this job.

I started in November 1991, as the eleventh member of the staff. Most of my friends, relatives, and colleagues thought I was nuts. They were probably right, initially.

I started working on cost reductions and improvements to CX-DT, an inexpensive shifter aimed at mass-market brands. But after about eight weeks on the job, that market tanked. We laid off most of our Chicago factory personnel, and all efforts went into a new shifter line, SRT 300. I started working on cost reductions and improvements to that. We were implementing changes at a near-reckless pace, but we got it done with two engineers.

Next came my first from-scratch product design for SRAM, created in 2D using AutoCAD: the SRT 300i. (The "i" stood for inwardly routed cable.) My brain still throbs recalling the cable-groove drafting issues.

At a trade show, John and I discovered Pro/Engineer software and almost fainted—using it, we could drop our prototype turnaround from two weeks to two days. The cost to SRAM would be almost $100,000, but when Stan learned about what the software can do, he went for it.

We started pumping out designs. John took the SRT 500—later dubbed X-Ray, a name I suggested based on my previous job—and I took the SRT 400. Then I follow with the SRT 450, which included an all-plastic brake lever. John blessed my prototype only after beating the lever with a hammer after hours, when no one—me, especially—was around to see. It didn't break.

In 1994, after John and Sam led the development of the ESP derailleur and John formed Advanced Component Design, I became Director of Engineering. Stan, Jeff, and John had rolled out the first version of our new product-development process, known as Total Quality Development or TQD, and now improving upon TQD became a big part of my job.

As Director of Engineering and, later, as Vice President of Design and Engineering, I also hired many talented engineers, oversaw the integration of Sachs's engineering department, traveled continuously, and relocated my wife and myself three times. We moved to Taiwan in 1996, to Germany in 1997, and then back to the United States—to Seattle—in 1999.

From Seattle, I learned how to manage approximately 100 product-development personnel remotely, spending a lot of time on the phone at odd hours to compensate for three disparate time zones. My travel increased accordingly, to approximately 40 percent of my time. One trip in late summer to Taiwan resulted in me "winning" the Sun Moon Lake swim—which wasn't a race. Nonetheless, I got interviewed on TV.

In 2002, I made the most difficult decision of my career and resigned. I wanted to start building friendships and community full time in Seattle. I really enjoyed my last visits to all SRAM facilities, especially a summit trip to Jade Mountain in Taiwan. Within months, I got recruited by Seattle University's engineering school and became an educator.

My only regrets were leaving so many good, fun friends at SRAM and leaving the bike industry in general. I had a dream job, and it defined my career.



MILAN MILOSEVIC

—

CHIEF IP OFFICER
CHICAGO
JOINED SRAM IN 1996
RIDES A BIANCHI MILANO

I was born in Tito's Belgrade, and my parents soon decided that his communist-lite agenda wasn't for us. So at the age of two, I was off to Paris where my parents, a tailor and a seamstress, hand-tailored garments for French couture labels. Five years later, it was on to NYC in pursuit of the American dream: full-time day jobs and two part-time jobs, all while earning their degrees at the Fashion Institute of Technology and taking English-language classes. With degrees in hand, they turned down offers for teaching positions at the renowned fashion icon, choosing instead to open their own garment manufacturing business in Brooklyn—in time employing up to 50 seasonal workers.

As this was a family affair, I soon found myself at the family sweatshop on Knickerbocker Avenue, working weekends and summers from my early teens. First I worked the steam tables and fixed the machines. By the time I was 15, I was also running payroll and making delivery runs to Manhattan, dodging the cabbies and the police, since I was still an unlicensed driver. After being involved in every facet of the family business, I left the rag trade and enrolled in university.

From an early age, those NYC skyscrapers had a profound effect on me. How did they go up? Engineering was my calling, and with my civil engineering degree in hand from Stevens Institute of Technology, I took a slight detour and entered the aerospace field with Grumman Aerospace. My first project was NASA's X-29 technology demonstrator, a jet with its wings pointing forward. Besides giving me a solid grounding in engineering, Grumman sent me off to pursue a master's in engineering mechanics at Columbia University.

After five years at Grumman and an additional five at General Dynamics and Boeing, I decided to pursue a patent law degree. I moved to Chicago in 1993 to study under the top U.S. patent judge, Howard Markey, who had left the federal circuit in Washington, D.C., to become dean of the John Marshall Law School. Eager for practical experience, in my second year a few classmates and I founded the John Marshall Patent Clinic. We wanted hands-on experience drafting real patent applications for real inventors, working for free. This was the first program of its kind in the country, and it continues to thrive today. My first client was a retired Chicago bus driver. He had been a World War II Tuskegee airman. He was in failing health, and we expedited his application through the U.S. Patent Office in just two years. The proud airman survived to see his patent grant and left his family an income-earning patent when he passed several years later.

When I graduated from law school in 1995, I took a long overdue cycling trip across the Colorado Rockies, with plans to return to Boeing in Seattle. I had previously cycled from NYC to Chicago and along California's Highway 1, from San Francisco to Los Angeles. But, on my return from Colorado, a law school classmate handed me a classified ad for a bicycle start-up here in Chicago, oddly (I thought) named SRAM. They were looking for a patent attorney with eight years of experience to create their in-house patent department. Intrigued, I went in for the interview and convinced the SRAM leads that with my engineering background and my patent-drafting experience, I could get the job done.

I really bonded with the technical people here. Mike Larson, then director of engineering, had by coincidence worked at General Dynamics as well. And after I answered all his patent questions, Sam Patterson grilled me with countless engineering questions as well. He hired me as an engineer and figured he was getting a good patent guy on the side. So I like to joke that I came to SRAM right out of law school 17 years ago and I'm still on probation. It's fascinating to see how familiar materials and technologies from my aerospace years have filtered into our products, including the lightweight alloys of our drivetrains and the laminate composites of our ZIPP products. Things truly have come full circle.



RICK WALSH

—

LEGAL COUNSEL, LEWIS, RICE & FINGERSH
SAINT LOUIS
RIDES A VELO VIE VECTEUR WITH SRAM RED

I studied economics in college and went to law school to become an antitrust lawyer. At a break from a bar review course in Saint Louis, I met Scott King. We became friends. We played softball and golf together. In 1989, after Scott went to Chicago to work with SRAM, we met at a party. He told me about Shimano's business practices and a potential antitrust lawsuit. That led to my meeting with Stan and F. K. Day. We talked about a lawsuit and what it would entail.

Even though we believed that Shimano was engaging in a number of improper anticompetitive activities, SRAM knew that the lawsuit route would be hard and bumpy and that they would be fighting a headwind. Shimano was the 900-pound gorilla that controlled the industry, and they were difficult to deal with at best.

But as I have come to learn, when SRAM commits to an objective, they really commit. They stuck through some very difficult times that would have crushed many others. Most telling was that when SRAM had an opportunity to settle, Stan stood firm, insisting that the settlement look to the future of SRAM and all components. That stance, and the commitment to do the right thing, really opened up the component market in the bicycle industry.

Since the early 1990s, I have been proud to have the good fortune to work with SRAM on many other matters and watch the group grow into what they are today. SRAM people really relish the journey. At all levels, they are an outstanding group of people dedicated to leading a vibrant bicycle company.



ROBERT PRIEST

—

DIRECTOR OF EUROPEAN SALES
NIJKERK, THE NETHERLANDS
JOINED SRAM IN 1995
RIDES A FOCUS IZALCO PRO

I had a couple of summer jobs in bike shops and finished a college course, then found my way into a quality- and production-manager role at Muddyfox, the U.K. mountain-bike manufacturer. After being there for a short period of time and still at a young age, I was sent to Asia to look after the factory relationships and quality at Lee Yang and Sunrise, two of the suppliers of frames to Muddyfox at the time. It was a shock for a young kid.

For six months, I was living and working in the same conditions in China that the Chinese were working in. People were treated like machines. They had accommodations at one end of the factory. You'd sleep on a mattress on the floor. At 6 a.m., you'd be woken, you'd exercise a bit, and you'd be on the line by 7:30. They'd bring you a breakfast of rice and water after you reached the line. For lunch you'd go to the canteen and get a bit of meat and vegetables on a plate and you'd get a Coke. That Coke was considered a real treat. And you'd work until 7 at night. You'd get 30 minutes to socialize at the end of the day. Then you'd climb onto your mattress and the lights would go out.

The working conditions were very rough. They were welding aluminum frames that were rubbed down with caustic soda, and the workers were black from head to toe. I'd be in the welding area for 10 minutes and the fumes were incredible. Those guys were in there all day.

It's dramatically changed since then in China. I've been there frequently in the last 10 years, and it's amazing. You'd have a hard time noticing a difference now between it and a Western factory. They have cars in the parking lots, clean factories, and high-tech infrastructure.

Around the time I was going back and forth to Asia, Muddyfox was putting some of the first rotational Grip Shift shifters on its bikes. There were compatibility issues, and I was on the phone with Mike Mercuri and his guys in Europe a lot. After we worked out the problems, one of Mike's European guys asked if I would consider taking a job.

The interview was bizarre. I drove to Birmingham, England, to meet Mike and two of his European guys. They had rented an interview room at a hotel there. The room was just a sectioned-off corridor at the end of another corridor, and it was tiny. It was a little hard to breathe, we were in so tight. And the interview was very intense and personal. Mercuri is telling me how Grip Shift is going to change the industry. They had huge ideas. He did an excellent job selling the vision. But we're in that tiny room and Merc is dressed in jeans. And I'm thinking to myself, these guys may be con men, maybe even nuts!

I took the job. And a few weeks later, I'm working out of the back of a Mini Jeep in the cold Welsh mountains at bike races, fixing Grip Shifts. No tent. Nobody knows us. We have to explain to everybody who we are. And the race people kind of adopted us. We couldn't accept money, so they'd give us cake and beer. And before you knew it, I had what people at SRAM call the "tech rep tire." It's the 15 pounds you put on from eating cake and drinking beer.

I never thought I'd be at SRAM this long. I never thought it would become a challenger to Shimano. It wasn't until we came out with the ESP derailleur, a couple of years after, that I arrived at the thought, Oh, this must be what Merc was talking about in that tiny little interview room.

When we bought Sachs, we learned so much. Here was a company that relied on more than just passion. It was a company that knew business processes. When the X0 derailleur came out of that marriage, looking like a piece of handcrafted jewelry, I knew we'd arrived.

Sometimes, when I'm visiting our Chicago headquarters these days, I still think: Seriously, did we really pull this off?



RON RITZLER

—

MTB CATEGORY MANAGER
CHICAGO
JOINED SRAM IN 1997
RIDES A TREK MADONE AND A SPECIALIZED EPIC FSR 29ER

After I graduated from college in 1990 with a liberal arts degree, I got a job at Schwinn. I got into a management training position there and met Alex Wassmann. We were both training in the corporate store in Chicago, learning the retail ropes.

Around then, these guys from Grip Shift would come hang out at the Schwinn corporate store at Clybourn and Webster. I met F.K. He'd have on his urban camo outfit. And I met Jeff Shupe, John Nedeau, and John Cheever.

The funny thing was that I remembered the original Grip Shift. Somebody showed up with a pair on his drop bars, and we made fun of him. But now the new gear was way better. Andy Caron comes into the shop, and he's got a Specialized bike with Grip Shift on it. I look at him and I say, "Yeah, that's OK, but your bike is way too heavy." He just glares at me. And he looks at my bike, which is all Shimano. And he says, "Go ahead and bring that bike down, and we'll cut the shifters off it and put on Grip Shift."

I had switched over to working for a mountain-bike maker named Barracuda, and they were using Grip Shift 100 percent. That company folded after two years. But Grip Shift was doing great. And by then it was clear what I was supposed to be doing. And so I took a job in the dealer-marketing group with Andy, Scott, and Alex.

So, fast-forward to 2003 and 2004. SRAM is getting big in mountain components. We're all active cyclists, and the guys in the shop who race are starting to get back into road. Lance Armstrong is winning Tours, and the segment is growing. And at races people keep saying to me and the other guys at SRAM, I can't believe you aren't doing road. Our pals at Trek and other bike makers are saying it, too.

So Charles Becker and I hatched a plan to convince Stan. It took four senior management meetings for him to buy into the idea. But finally Stan says go, and he makes me the lead product manager on it. We promised Stan we would produce a group that was really special. But a few months into that project, we still can't get a great shifter. Ours was OK, and it worked a lot like Campagnolo's shifter—so much so that we all called it SRAMpy. It was fine, but it didn't feel special.

Then Kevin Wesling, Brian Jordan, and Chris Shipman bring us a prototype—we call it a breadboard—for DoubleTap. It works a little like the mechanism you use to raise and lower a set of blinds, where you pull down to yank the blind up and you pull down to release it, too. I loved it, and I still have that prototype. When Shipman told me he could miniaturize that breadboard so it would fit in a shifter, I knew we had something. Stan agreed.

We weren't celebrating yet, but we got the resources to pursue further development. A few months later we had a prototype of the shifter. I was on a test ride with Andy Caron. He looks at me and says, "You know what? It works." I was kind of blown away.

We shipped in June 2006. I think the first year it was a little behind projections, but since then it has blown up and been a great line for us.



SCOTT MCLAUGHLIN

—

GLOBAL DIRECTOR OF DRIVETRAIN DEVELOPMENT
CHICAGO
JOINED SRAM IN 1995
RIDES A MERLIN EXTRALIGHT

It wasn't really until the year 2000 that we produced the first derailleur that I was somewhat proud of. And then we finally came out with the X0 in 2002. That was the one that made back our reputation.

I remember arguing at a meeting that we'd always been afraid of forged aluminum. We had no experience with it. We'd gotten 90 percent of the way toward a good derailleur with plastic. We'd gotten pretty close, and we had a respectable one. But it was time to admit that we weren't going to make any big leaps.

We had bought Sachs. And I knew their engineers had good ideas about derailleur designs and a lot more experience with metals. They had the DiRT derailleur, which incorporated some good ideas but had a couple of major flaws. Robert Boehm and I came together on a project and created a new derailleur. DR. ESP, we called that. It had a plastic B-knuckle, like the ESP, but it was twice as strong. Then we started another project to make the ultimate rear derailleur. We called that the "trick SLL SL," because it was super light and super trick. But somehow it had to be done in nine months to be in time for the coming model year, and we had to hit a difficult price target. It was another step forward, but it still didn't quite change the game.

So finally, we said: We need to bite the bullet and start a new derailleur platform. We needed to figure out aluminum forging. We need to find the right vendors. We need to figure out how we're going to forge it, machine it, and finish it. And it can't just be about the B-knuckle. We had jockey wheels that were wearing out too soon, cages that didn't survive chain jams very well, and inner and outer links that weren't strong enough. Everything had to be fixed. We needed some real lead time and no set price point.

So Senior Management OK'd the X0 project. They made Andy Caron product manager. I was team leader and half the design engineering team. Robert Boehm was the other design engineer, and Andreas Benz was the test engineer. The industrial design was done by Kent Solberg.

There was a segment of the company that even wanted to give up on ESP's 1:1 actuation ratio. I fought passionately for it. I felt it was superior, but we hadn't made a derailleur that proved it yet. I thought it was one of the only things about our derailleur that worked better than Shimano's. And it made us different. Though at that time, being different from Shimano was viewed as being bad.

The change we made in materials was the biggest story. But it wasn't the only one. Every single coating, every finish, every detail was new. We had new heat treatments. And we changed the geometry some.

The day I felt we had succeeded was September 11, 2001. We had done what we call our L2 pilot run. The L1 is the final run before production. L2 is not quite perfect, but it's 99 percent there. I was in Taiwan. The MTB world championships were a week away. I pulled a few derailleurs out of the L2 run and I engraved the date—9/11/01—on all those derailleurs we were sending to racers who would ride them in that race. We handed a box of them off to FedEx. Then I got on a plane. But my flight to Colorado was turned around partway through, and we landed in Hong Kong. I had no idea why.

I walked to the Hong Kong airport hotel and told the people at the front desk that I wasn't sure why I was there, but that I needed a room from the night. I saw that a few televisions were on, and there was smoke pouring out of one of the World Trade Center towers. I thought it was a retrospective on the '93 bombing.

But amid the tragedy, the derailleurs we shipped made it through. Some of the best mountain bikers in the world raced on X0 that week in Colorado. So for us, it was the beginning of a new era.



SCOTT TAWSE

—

GLOBAL IT DIRECTOR
CHICAGO
JOINED SRAM IN 1994
RIDES A SCOTT ADDICT

I started at SRAM as a warranty clerk 18 years ago. A year later I moved to dealer service, so I was answering dealer phone calls and conducting dealer-training seminars along with working at National Off-Road Bicycle Association events around the U.S. I wasn't thinking that I'd end up being director of global IT of a big company. When I got here, we had only five computers. None of the computers were connected to a network. There was no e-mail or internet.

Soon after I arrived, SRAM needed an MIS administrator. At the time, I didn't think I was qualified, but I was excited about the new opportunity in the company. I was thrilled when I was chosen for the position.

When SRAM acquired the bicycle division of Sachs, my focus turned to only implementing SAP. For six straight months, the SAP team put in 80-hour weeks getting SAP implemented. Today we have 11 full-time people working on SAP and another 10 working full-time on our PLM environments.

We've come a long way since. The days of having just a couple of laptops with no network or e-mail are long gone. Now all 16 locations are connected to a global network that has about 1,500 laptops and desktops using it 24/7. There are certain things we've even been bleeding-edge on. We were early setting up VoIP phones when we moved to this office on Kingsbury, 11 years ago. Nobody thinks twice now about calling somebody in Taiwan or Schweinfurt. You dial a four-digit extension on our private VoIP network, and essentially the call is free. And now we can do that through any remote location. You just put an app on your iPhone or laptop.

Over the past 18 years, SRAM and I have grown together. I enjoy being the IT director; it allows me to interact with all departments around the world. I look forward to the future and all the new challenges that lie ahead for me and SRAM.



TIM SMITH

—

ENGINEERING MANAGER
CHICAGO
JOINED SRAM IN 1996
RIDES A SANTA CRUZ BLUR LT, A SCOTT CR-1 SL, A BIANCHI W.U.S.S., A SWOBO FOLSOM, A SWOBO NOVAK, A SANTA CRUZ CHAMELEON, AND A CANNONDALE TANDEM

It took two years of bugging Mike Larson for me to get a job interview here. Larson wanted to expand the R&D department and get people to come work with Sam Patterson and invent new products. So Sam interviewed me.

Sam was a highly technical interviewer; he wanted to see your approach to solving problems. He was working on a new brake-lever technology. He handed a model to me and asked me to explain to him what it would do. I basically had two days to come back with a set of equations that would describe the movement of the linkage.

I started just as the rapid growth of Grip Shift was beginning to taper off. After I came aboard, the business started going through more difficult times. We decided that we needed to develop more new components to create a more complete product line.

We would often have significant problems with the products during development. Sam and the rest of us would gather around a bike and try to solve the problem. Part of the reason we can attack problems so successfully even today is that we have never thought problems were a bad thing. Nobody's in there protecting himself. Nobody spends energy figuring out who made a mistake or who's to blame.

I think that attitude comes from Stan. His leadership style is to say, Let's not make the same mistake twice, but we don't want to punish somebody for trying something new or taking a risk. You can't let a fear of making a mistake drive you in the wrong direction.

I know this because now I look more at the macro success level. I don't work directly on projects. I can see that the product successes come from taking on risky challenges, and that's part of the reason why we are who we are today.

The company has changed so much. When I started here, our big project was doing a twist shifter with a brake lever attached—that was the next big thing. Now I look at what we're doing today, and we have 60 to 90 projects of various sizes and scopes. Along the way, we became a professional organization.

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