

Fab 5

Five Companies to Watch

Hoss Technical Gear

Brea, California

Years in business: eight months

Number of employees: 5

Distribution: KHS, BTI, dealer-direct, Internet

Ever since Mark Malatesta started avidly riding mountain bikes seven years ago, his friends told him he should get into the mountain bike apparel business.

Malatesta was introduced to cycling like so many others before him—as rehab for destroyed knees. Unlike most, however, Malatesta hasn't had to learn the ropes one at a time.

He has been in the apparel industry all his adult life and has run his own company since 2000, which designs, sources, manufactures and imports private-label apparel for department

stores like Kohl's and Robinsons-May. Malatesta worked his way up through the family apparel business, from "schlepping boxes around" to accounting.

He started thinking seriously about developing cycling apparel last summer, and rode and developed prototypes for months before going to Interbike to walk the show, survey the market and talk to retailers about what they were looking for.

"I got into the cycling market as a labor of love," he said. "And I was a little bothered by the price points out there.



Mark Malatesta

A kid that goes to college and rides a lot can't afford a \$90 pair of shorts."

Malatesta said he knew he could create affordable, high-quality apparel—and Hoss Technical Gear was born.

Malatesta took on Wolfgang Starke as a minority partner. With 35 factories across Asia and accounts like Columbia Sportswear and Jack Wolfskin, Starke helps guarantee quality and on-time delivery.

He also enlisted the help of Karl Rosengrath and Jeff Lockwood of Bit-

ter Gravity as media reps and to help with product development. The first ads started showing up last winter, and by the first of the year, product was hitting retailers' shelves and being sold from Hoss's web site.

By Sea Otter, Malatesta knew he was onto something. The product line started out small: cargo shorts with a sanitized Cool Max liner and a Cool Plus T-shirt and jersey.

"We sold enough at Sea Otter to cover Jeff and Karl's flight out from the East Coast, the booth space, hotels and dinners every night and then some," he said.

His business plan projected he would be in the black after two years, but by July he had broken even. After eight months in business, Malatesta estimated Hoss was in 150 retail shops. KHS and BTI have signed on as distributors and his Internet sales have grown steadily.

So far Malatesta has stuck to his original price points—his apparel ranges from \$20 to \$45. He has gotten positive ink from industry magazines and has plans to add long-sleeve jerseys, fleece jackets, socks and a women's line by Interbike.

Mace Gear

Port Coquitlam, British Columbia

Years in business: 2.5

Number of employees: 3

Distribution: QBP (armor); dealer-direct in Canada; initiating dealer-direct network in the U.S.

Watching what the freeriders in British Columbia wore on gnarly trails and gritty streets guided a couple of Norco Products employees to develop the Mace Gear line of apparel and armor for that hard-charging bunch.

"We saw the riding apparel market going in two very distinct directions: either traditional Lycra apparel for road or cross-country, or motocross-inspired downhill clothing. Motocross gear is functional, but designed around motorcycle riders, not cyclists," said Martin Tammik, parts and accessories division manager for Norco, Mace's

parent company.

Lycra couldn't take the beating, and back-country and urban freeriders both shied away from

the loud motocross-style graphics. "We saw riders using sort of surf shorts and T-shirts—street wear—with armor because they didn't want to look like a big billboard," Tammik said.

His co-worker, Rob Gill, was the main designer, Tammik said. The outcome is a full line of clothes and protective gear that appeals to the expected demographic—young males—but also to women and even kids.

"So that became the spirit: make riding apparel that doesn't get shredded and torn up and is very functional for cycling, but when you're done riding, you can wear it to the pub," Tammik said.

Gill designed in some unique details, such as seamless shoulders to prevent chafing from hydration pack straps. "And we use really heavy ballistic materials in the shorts and pants, because we know people crash," Tammik said.

Mace also took a complete-rider approach, he said, developing a full line of clothing and adding gloves, helmets and lifestyle garments such as tees and hoodies.

Price is important, too. "Freeriders are predominantly young. We try to stay about 25 percent less expensive than motocross-inspired apparel, so people can own a few pieces, instead of just one," Tammik said.

Mace has a line of clothing cut specifically for female freeriders and saw rapid growth in those products' sales last year, he said.

"The other group that is rapidly coming on are eight to 12 year olds. They're going to mountain biking camps and lift-access parks, and they want serious riding gear, so we'll launch a youth line of gloves, full-face helmets and armor at the Montreal show," Tammik said.

Mace sells only through the independent retail channel and is in about 70 percent of the Canadian stores, he said. Quality Bicycle Products carries the armor line, but Norco's sales force in the United States will test-distribute the full line directly to retailers this fall, starting in the Northwest.

"What we're trying to do is extend the model that's working in Canada. That is giving dealers great margins, 50 to 60 percent, and getting these goods moved front and center in the store. That's the way the surf, ski and snowboard industries are set up, and it drives a lot of revenue," Tammik said.

Maverick

Boulder, Colorado

Years in business: 6

Number of employees: 10

Distribution: Dealer-direct, Trek Bicycle, Quality Bicycle Products

After Paul Turner's non-compete with RockShox expired, the mountain bike suspension pioneer launched Maverick in 1999 with engineer and Motor City ex-pat Frank Vogel. Six years later, the company is going strong selling unique forks and suspension frames to high-end customers.

In a sea of high-end niche companies, Maverick stays afloat with innovative products that improve real-world riding, Turner said.

"The core of bicycle performance is always less weight, chassis stiffness and simplicity. If you achieve all three of those in a design, then there is a net gain in overall performance," Turner said. "Technologies we've developed like the MonoLink and the welded upper structure of the DUC32 achieve all three points.

"Another reason is, because Maverick is a small company, we have the ability to be very innovative, but with Frank's experience in Detroit manufacturing and my experience with RockShox, we also invest the money and resources on tooling and production capabilities usually only found



The Mace Gear team, from left: Martin Tammik, marketing; Rob Gill, designer; Roy Williams, buyer.

Banshee Bikes

North Vancouver, Canada

Years in business: 3

Number of employees: 5

Distribution: Dealer direct,
21 international distributors

Three years ago Banshee entered the market with a line of super rugged eight-inch plus, 45-pound freeride bikes able to endure the North Shore punishment that made other brands' bikes wilt. Its appeal to hardcore freeriders put it on the map.

For 2006 the company switches its focus to lighter, reduced-travel full-suspension and hardtail offerings.

"The bread-and-butter of our business is moving to lighter bikes. Older recreational riders still like to rip A-Line but want to ride a 30-pound bike, and as people move beyond lift riding they need something they can pedal," said Pippin Osborne, Banshee's head designer and marketer.

Osborne points out that today's top riders are much smoother and flow better down the hill. They do not need 10 inches of travel or the 50-pound overbuilt bikes that were so necessary in the early days of the sport.

"Lift riding opened bicycling up to people without the skill or endurance to handle the climbs, and it continues to introduce new riders to the sport. But as skills evolve, riders aren't as hard on equipment and want a more direct

connection to the trail," he added.

The company is not abandoning the big bikes that put it on the map—they remain in the line.

But Osborne developed a new five-and-a-half-inch suspension design he calls virtual four-bar to pedal well and remain plush. The new design debuts on the 2006 Pyre and Wraith.

The Pyre frameset with proprietary tubing and an air shock weighs six pounds and retails for \$1,600. The Wraith has an identical suspension design with standard tubing and sells for \$1,000.

Banshee is expanding its hardtail offerings to five different models to better serve riders wishing to move away from plush full-suspension designs. And many riders choose to ride a hardtail as the muck of winter in the Pacific Northwest brings full-suspension bikes to their knees.

In addition to the shift in product focus, the center of Banshee's universe is moving beyond its beloved North

with larger companies," he said. "So it's a rare combination of both strengths."

Maverick hit the market with the ML7, a suspension frame using Turner's MonoLink design. In 2001 the company licensed the MonoLink design to Seven Cycles, Klein and Sycip.

Today Maverick has two forks, which it sells direct and through Trek and Quality Bicycle Products, three framesets, a complete bike and an adjustable seatpost. Fisher and Whyte are spec'ing its forks on 2006 bikes.

Maverick's blessing and curse is its niche market.

"We have to make sure it's marketed to the right clientele," said Dave Whittingham, Maverick's sales and marketing director. "And even though there are lots of high-end bike shops, by the time you chunk it down to those that cater to specialty, high-end, full-suspension bikes, the little point gets even pointier. But we'd rather have a

few good dealers in the right markets, than have more dealers not doing as good a job."

Whittingham said Maverick strives to give outstanding customer service to dealers and consumers, since "with a high-level product people expect a high level of service."



Maverick co-founder Paul Turner

Maverick has about 100 dealers now, and is shooting for 120 within the next calendar year.

Super D, NORBA's new downhill event featuring some flat and uphill sections, has provided a good marketing platform for Maverick's bikes and brand.

"Our bike excels on that type of course—downhill but with a lot of climbing also—and our riders have been on the podium at virtually every race," Whittingham said.

At Interbike, Maverick will be showing off its \$3,500 ML7 bike, the first complete machine from the company, a new ML7/5 frameset and a three-inch adjustable SpeedBall seatpost.



Pippin Osborne, Banshee's head designer and marketer, test rides one of his rugged designs.

Shore. Europeans are buying the company's bikes as fast as they can ship them over.

Foes Racing

Pasadena, California

Years in business: 13 years

Number of employees: 10

Distribution: Dealer-direct

Brent Foes always has been involved with suspension design—although not always for bicycles. The president and founder of Foes Racing built off-road vehicles for Nissan Motorsports for 15 years and raced motorcycles.

So when he bought a hardtail mountain bike in the early '90s, he thought some improvements were in order. "It wasn't much fun, so I thought let's put some suspension in it," Foes said. "The first bike I built had six inches of travel. At that time it was strange, but it seemed to be pretty good. I experimented from there."

Foes added suspension to his bike for personal use. Riding on a trail one day, a magazine photographer asked to take a photo of it. The next thing he knew, it appeared in the publication.

"A couple of weeks later, I was getting phone calls from people wanting to buy some," he said.

Today, Foes Racing sells its high-end mountain bike frames and suspension through approximately 60 U.S. retailers.

The company produces 1,500 hand-built aluminum frames a year out of its Pasadena, California, factory. Two-thirds of its products are sold in the United States, with the remaining third sold overseas. About 50 percent are trail bike frames, 30 percent are freeride and 20 percent are downhill.

"Everything is made here in the U.S.," Foes said. "It makes it more challenging every year, but I'm not interested in making the stuff overseas."

Its downhill and freeride frames range from

"At the recent Crankworx festival there were as many Euros as North Americans. Freeriding is a global thing now. Four years ago, there wasn't a European on the podium," Osborne said.

Europe is now the company's largest market; Canada is second. Banshee has a limited presence in the United States in part because the big three bike companies make it hard for anyone else to get their foot in the door, according to Osborne.

"And lift-served riding is still limited in the U.S. Whereas in Europe lift-served riding areas are popping up all over from the Czech Republic to Portugal, and freeride sales are taking off," he added.

\$2,000 to \$3,000 retail. The company tries to be more competitive in pricing with its trail bike frames, which range from \$1,800 to \$2,000.

Foes Racing was the first to use stable platform shock technology, thanks to an early partnership with Charlie Curnutt Jr. "I've known his dad for a long time. I talked to his dad about building a shock for me and he was retiring. He told me to talk to his son. We spent three years testing and got something that worked really well," he said. "We don't have to rely on another shock company. We design suspension around the frame."

Curnutt makes all of his parts out of his shop in Southgate, California.

Foes Racing sells the most of freeride and long-travel trail bikes. Downhill makes up a small percentage of sales, but remains one of Foes' passions.

The company currently offers six frames—all come with the signature Curnutt shock. Its best selling frame is The Fly, a freeride model, but The Inferno, its long-travel trail frame also does well.

The company's heavy involvement in NORBA racing from the start earned it a reputation in the downhill scene, but Foes said its strengths lie well beyond that market.

"I think we stay busy because we fill a small niche in the market," Foes added. "We're always innovative and come up with new stuff."



Foes Racing founder and president Brent Foes