

Case Study: Bang On Bikes

General Information

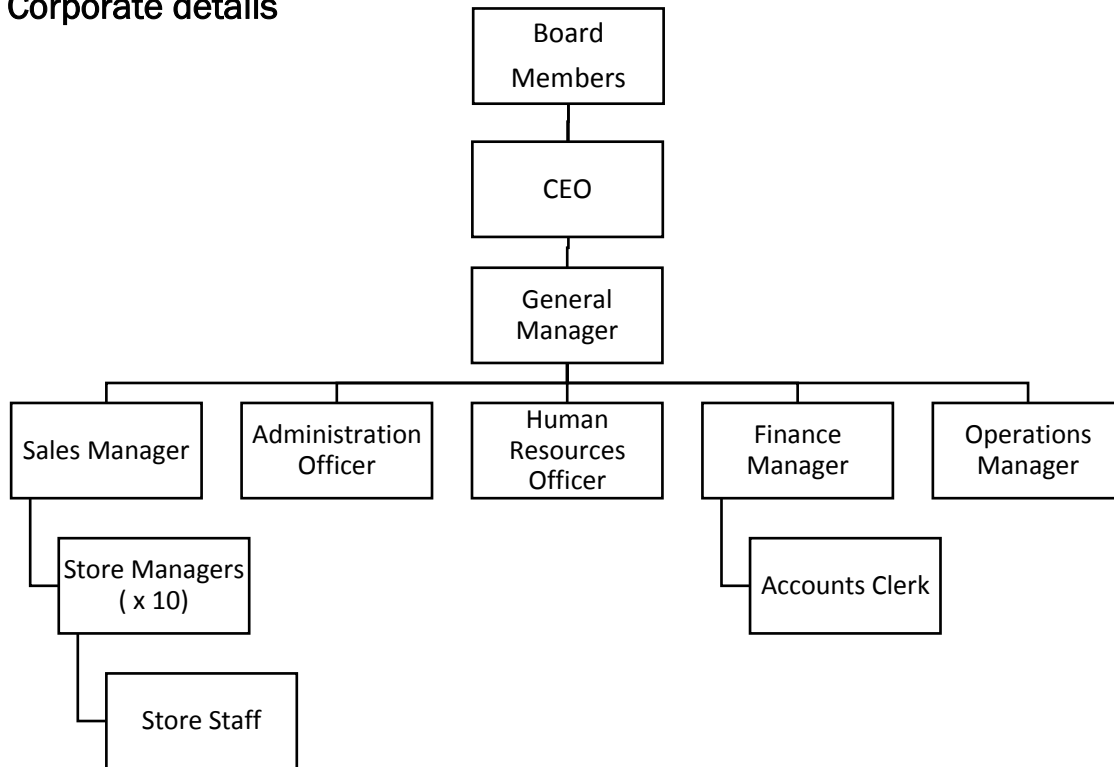
You have recently been appointed as the store manager of Bang-On-Bikes Pty Ltd having been a 2IC (2nd in charge) store manager for the past two years.

Bang-On-Bikes Pty Ltd is a 10 store retail chain located in Brisbane. Bang-On-Bikes is the leading bicycle retailer, catering to the growing need for athletes, recreational riders and of road cycling activities greater Brisbane area.

The range includes top brand high speed road racing bikes, high end recreation flat bars, mountain bikes, children's bikes and trick bikes and scooters together with the recently added e-bikes (electric motorized bikes) and semi disability motorized and non-motorized tricycles has positioned Bang-On-Bikes as a leader in bicycles retailing in Australia. Bang-On-Bikes has grown over the past five years from a single store in Caboolture to the current chain. Bang-On-Bikes prides itself on superior after sales service which has been a key reason for the continued growth in sales and corresponding profit increases. Today Bang-On-Bikes employs over 100 staff.

Bang-On-Bikes Pty Ltd is a proprietary limited company (ACN 12 234 456 67) registered with the Australian Securities and Investment Commission. The registered address is with Bang-On-Bikes's solicitors (Not-Dodgy-Bros, 123 Queen Street, Brisbane, QLD 4000) and the principle place of business is 30 Herschel St Brisbane QLD 4000.

Corporate details



(World famous cyclist) Gaurang Bangon, the CEO, has asked all store managers to start planning for a major review of the organisation's Business Plan. Your input will be important.

Strategic plan goals

The organisation's strategic goal is to grow the business and increase business profits over the next three years by expanding then number of stores from 10 to 20 and expand from its Queensland base into NSW .

Operational plan goals

Bang-On-Bikes will:

- commence operation in regional NSW within 12 months
- Open 10 new stores in Queensland and NSW
- increase sales by 100% in the next three years by maintaining or improving each stores sales and open and fully operate new stores..

Background

The owners of the business are not risk takers. They are aware that their ongoing success is the result of a small, experienced team, close ties with the cycling community and a reputation for reliable, quality road racing equipment.

Moving forward, their vision for the company is to retain those strengths and core values through any expansion process.

The strategic and operational plans were developed as a result of external market research, indicating high pricing for professional equipment and a fractured market with no other bicycle retail chain present in northern NSW. Bang-On-Bikes were looking for their next growth opportunity and saw that this was an ideal opportunity to be seized upon.

It was also felt that the company was now sufficiently stable and experienced, and in a financial position to expand the business without risk to their current financial stability or reputation.

Reports from the Sales Manager indicated that sales have been lost because some customers living outside of Bang-On-Bikes' catchment area, will often engage with the store via phone or internet but then buy from a local supplier for delivery and after sales service convenience even though they almost always pay a higher price.

There is a large and growing cycling community in the Northern NSW region therefore this became a motive to expand operations for both financial and customer service reasons.

There is also an opportunity to connect with buyers directly through an ecommerce platform where high end users can basically custom design their bikes and have them delivered as a kit or for an extra fee, assembled & ready to ride. This strategy will be considered at some time in the future.

Proposed strategy

Bang On Bikes plans to use its already highly trained store sales personnel to open new stores. Some will be promoted to Store Manager status and other existing Store Managers will be moved into the new locations with their 2ICs taking their place as manager at the established store. Some staff will have to commute further distances until local staff can be hired and trained.

Bang on Bikes has never undergone such a massive expansion before but somehow they believe that this strategy will work flawlessly.

Financial information

Annual sales	
Current sales	Estimated sales (Yr 1)
\$15 million	\$18 million

Annual net profit	
Current net profit	Estimated net profit
\$1.0 million	\$1.2 million

Increased costs

Loan repayments	Operating costs
+\$200,000 per annum	+\$1.4 million
Administrative costs	Labour costs
+\$100,000	Nil

General information

The company communicates with employees via regular email updates, newsletters and memos.

The company provides information regarding policies and procedures through employee manuals that are kept in each store. Head Office-based staff can access copies of these manuals in the office.

All staff are strongly encourages to join and actively participate in local cycling clubs and are trained in first aid and bike repair.

Head office employees work very closely together as a coherent and motivated team. They are generally positive about the organisational direction and respond well to change.

Store managers and staff are currently happy with the work environment, as they enjoy working as part of an active engaged team.

The Sales Manager typically leaves the Store Managers alone to do meet their budget but is typically hands on when requested by the store manager and especially with new products and training.

Store Staff are highly trained and most of them could run a store at a pinch and certainly with a small amount of additional training. Most though are happy doing what they are doing as most are athletes and need time for training.

All Store Staff are members of the appropriate union. They have, in the past, done their best to block a change from award wages to individual contracts from being implemented, even going to the lengths of threatening strike action and getting the Union involved to assist in resolving the issue.

Summary of current employee populations

Head office employees & Store Managers

- covered under individual contracts
- salary range \$32,000 – \$75,000 annum
- small team of mainly male employees, with a wide range of ages
- many opportunities to participate in learning and development programs due to management support, however, have shown little interest

- high employee engagement scores, citing team work and opportunities have contributed to the company's success as real motivators.

Store Staff

- covered by an award
- salary \$35,000 per annum
- employee demographics are all 75% male 25% female employees, aged 20–40.
- few opportunities to participate in management learning and development programs due to being on involved in cycling activities in spare time
- Some employees report stress issues due to high sales budgets
- low employee engagement scores, citing pay as an issue however staff seem motivated and content in the activity of their jobs.
- currently experiencing low turnover
- history of (1) significant industrial dispute

Professional Development opportunities

Tips for Cyclist improvement

- Building an aerobic base is perhaps the single most important phase of the year since it is the foundation upon which your season is built.
- Many riders never reach their full potential at bike racing because they neglect this critical phase of training.
- Base training is about preparing your body for the demanding efforts you will be making during racing and is the fundamental base for all other high intensity training you'll be doing later on in your training plan.
- Stick to your plan and stay between 50-74% of Max heart rate at 95-105 rpm for as much of the ride as possible even if it involves the sacrifice of your bunch riding.
- Balance your base training for functional strength training to ensure that you are challenging your whole body neurological system.
- To break the training up you can incorporate a very limited amount of high intensity efforts (above 90% of HMR) and spin-ups to keep you fresh.
- Remember to adjust your base training to the type of cyclist you are

Bang On Bikes will support all staff in developing a training program that suits your needs.

Prepare your training plan and submit it to your manager and if approves Bang On Bikes will contribute 30% of the time take for the program as wages

Professional Development

Bang On Bikes runs 2 Professional Development Seminars per Year.

One in March is the Group Managers meeting and workshops a 2 day weekend seminar

The Second in August is a 4 day event including cycling activities and management training activities at a resort in Queensland/

The first is a free event however no wages are paid during this time,

The second event is charged at \$1000 however you are paid for 2 days while on camp.

Formal Training

Bang On Bikes will contribute to the cost of your nationally recognized training.

You can select any of the following courses or qualifications and Bang On Bikes will pay for half of your course, up to \$1000.

Should you resign from Bang On Bikes or be terminated from Bang On Bikes in anyway within 24 months of commencing the course or 12 months from completing the course, the contribution to your course will be deducted from your termination pay.

Bang On Bikes suggests these courses are suitable:

- SISOCYT201A - Select, set up and maintain a bike
- SIS20213 - Certificate II in Outdoor Recreation
- SIS30413 - Certificate III in Outdoor Recreation
- SIS40313 - Certificate IV in Outdoor Recreation
- BSB42515 - Certificate IV in Small Business Management
- BSB50215 - Diploma of Business
- BSB51915 - Diploma of Leadership and Management