

Georgena Terry's Long-Distance Ride

by Lawrence M. Fisher

Some eons ago, man looked up from the Edenic swamps and beheld woman, and she was different. It took the bicycle industry about a million years to catch on.

Credit Georgena Terry. In 1985, Terry was a new Xerox hire who loved bicycling, did not love the corporate life and could not find a bike to fit her 5-foot, 3-inch physique. But she was an engineer, and the daughter and granddaughter of engineers, so she bought an acetylene torch and a book on frame building and created the women's bicycle industry.

Actually, she just built herself a bike, but when other women saw it, they wanted one too, and soon she was building five at a time to meet demand. She took them along to group rides up and down the East Coast and always sold out immediately. So she quit her day job, hired two experienced frame builders and a painter, and Terry Precision Cycling was born in her Rochester, N.Y., basement. Its simple slogan, "Bikes for Women," struck a chord.

"There weren't women in the industry at that time, really," Terry recalled. "There was one woman running a shop in Minneapolis, but no one in the manufacturing end. So, it was a total boys' club, but I'm not the kind of person who looks for role models or mentors, which was probably a good thing in this case. I just assumed I could fit into this world. I can make bicycles."





It would be nice to report that Terry's growth mirrored the hockey stick graph that entrepreneurs love to show venture capitalists, but in truth it went up, down and sideways. Along the way, the company absorbed a few blows that might have prompted a less resourceful woman to fold. Each time though, Terry responded with a new plan or a new product that saved the day, from a patented saddle with a hole in the middle to spare riders' tender parts to a cycling apparel line that blended athleticism with femininity in a fresh way.



Now, with a new owner and chief executive for Terry Precision Cycling, Terry is back doing what she loves best — designing bikes to fit women. As women are a bit more than half the population, but still represent only about 35 percent of bicycle customers, there is a huge upside waiting for the company that captures their attention. Industry analysts say Terry could be the company to do it, with the possibility of even greater growth if it can pull off the kind of crossover that took Patagonia, for example, from a maker of mountain climbing gear to a broad-based outdoor apparel brand.

The Booming '80s

Flash back to the 1980s, a lively time in the bicycle industry, particularly in the United States. Mountain bikes had brought a new cohort of participants to the two-wheeled sport, while advances in metallurgy and new materials contributed to lighter, stronger bikes. Japanese manufacturers, like Nishiki

and Bridgestone, faced off with new American brands, like Trek Bicycle and Cannondale Bicycle, for the cycling enthusiast's dollar, while venerable European makes, like Raleigh and Peugeot, faded.

But tiny Terry Precision Cycling stood out because it was the first, and for a time the only, brand with a bike specifically designed to fit women. Terry had realized that women not only are commonly shorter than men, but also are differently proportioned between torso and leg and between shoulder

width and arm length. Many of her bikes featured a front wheel smaller than the rear to achieve proper frame geometry in the smaller sizes. It became a kind of functional trademark for the brand.

"Georgena, being an engineer, came up with the right principles," said Jay Townley, a consultant and veteran bicycle industry executive. "It's a simple anthropometric difference in the torso. The bigger brands just didn't get it for quite a while."

Working out of an old railroad car repair facility, with the only heat from their welding torches, Terry and her three associates topped out production at 500 frames per year, selling the completed bikes for \$600, a considerable sum in the late '80s. Shifting to Japanese production allowed Terry to cut her price as low as \$350 and boost sales fivefold. The move killed the hand-built Rochester frame business, but sales, and profit margins, soared for several years.

Then, disaster. Terry's Japanese manufacturer, the H. Tano Company of Kobe, also produced bikes for Western States Imports, a California company that marketed them in the United States under the hugely successful Centurion brand. Terry's design was not patentable, and when asked to duplicate it for Centurion, Tano happily complied.

Now Terry was faced with identical bikes from a far larger competitor that bought full-page advertisements in all the cycling magazines and could offer dealers long-term financing and other flexible terms.

Soon, nearly every major brand had a women's line, even if some were nothing more than small men's bikes with pink graphics, and Terry's sales plummeted. The industry's "shrink it and pink it" strategy was nearly her undoing.

"There was a huge break," Terry said. "I was the only employee for about two years. I just let everybody go. I had a warehouse full of inventory." Referring to Richard Fariña's classic picaresque novel, she added, "But I'm a 'Been Down So Long It Looks Like Up to Me' sort of person. I can be in the midst of total hell and not realize it. It just never occurred to me that I ought to get out of the bike business."



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Comeback #1

Eventually sales picked up a bit, and then Terry had the sort of lucky break that only seems to come to people who work at it. Bridgestone, always the most quirky and innovative of the Japanese bike companies, had a funny-looking saddle, with a hole in the middle to relieve pressure on the perineum, which was not selling. Terry, who had heard many women moan about "issues" on long rides, recognized an opportunity when she saw one. She acquired the design, applied for and was granted a patent, and outsourced production to Taiwan for the low end and to Selle Italia in Italy for more expensive variants. With the credibility built on her bicycles, Terry was able to rebrand the design as a "women's saddle" and create a market.

"Then the cash machine turned on, because the margin in saddles is really good," Terry said. Saddles also became the company's one departure from women-only products, because men who had experienced genital numbness, or worse, also craved a more accommodating seat. Terry met the demand with a men's saddle line, which soon developed a following of its own. Today, nearly every saddle manufacturer has one or more models with a cutaway, and enough of them honor the patent to generate a decent royalty stream to Terry.

She followed the saddle with women's cycling apparel, initially just gloves in colors that matched Terry bikes and later a line of shorts and jerseys. From the outset, these were differentiated by a sense of style and femininity not offered by the big names in cycling clothing, like Pearl Izumi and Descente. For manufacturing, she took advantage of Cannondale's excess capacity.

Terry caught a generational shift in how female athletes viewed sports and fashion, said Michael Jager, president and creative director of Jager Di Paola Kemp Design, a brand design firm based in Burlington, Vt., that has worked with Nike, Levi Strauss and



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Patagonia, in addition to Terry. For baby boomers, "in all sports, women effectively wanted to communicate, 'I can do anything you can do, so don't give me pink shoes,'" Jager said. For Generations X, Y and later, "It's a badge of honor to be feminine and beautiful and also kick ass."

At first, Terry faced a distribution problem with the new product. Then, as now, bike shops generated a large percentage of their revenues, and a larger percentage of earnings, from clothing, but women's fashion was nowhere in their vocabulary. "Women liked our apparel, but they couldn't find it anywhere," Terry said. "So we thought, 'We've always been loyal

to the bicycle dealer, but if we continued that way, we'd be out of business.' Everyone in the bike business hated catalogers in those days, but we thought, 'Let's just try it.' We sent out 5,000 copies and the phone rang off the hook."

An avid programmer herself, Terry created a Web site for the brand — even before Trek or Cannondale — and apparel sales grew. She took on a wholesaler, QBP, to reach more stores, and apparel sales grew some more. With catalog, Web, wholesale and independent retail sales, the Terry brand was now as broadly available as any of the major labels, such as Pearl Izumi or Nike Women, with the added boost that came from selling clothing designed by women athletes for women athletes. It is a model that has served subsequent startups well in activities from yoga to running.

"There is a fundamental difference between the customer Terry chose from the beginning and the one that Nike has opportunistically decided to target," said Missy Park, founder and chief executive of Title Nine, a women's athletic apparel company based in Emeryville, Calif. "You see the companies now that are most successful going after the women's market — Lululemon, Athleta, Title Nine — they're from the ground up about women."

Jager says Terry also gained authenticity and credibility by being first and foremost a women's bike company with an apparel line, rather than a clothing company targeting women cyclists. "There's a credential that comes along with the perfect balance of hard goods and soft goods," he said. He likens Terry to Burton, the snowboards company, where the founder was a snowboarding pioneer and leveraged the boards to build a clothing brand. "If you can originate a category, that's one of the strongest stories you can have," said Jager. "Terry really believed that the cause is getting more women on bicycles, and the apparel is just along for the ride. That sets them apart as the iconic women's cycling brand."

New Trials

Unfortunately, Terry's reality was a bit more complicated than the brand perception. While the sales of the saddles and apparel had soared, sales of the Terry-designed, Japanese-made bicycles had collapsed. In their race to keep up with the growth in clothing, Terry and her partners had missed the exodus of Japanese bike brands, partly due to the strength of the yen and the shift to Taiwan, and later China, for manufacturing by companies seeking ever-cheaper labor. The dominant frame material in midprice bikes had also shifted, from steel alloys to aluminum, which was lighter, cheaper and more amenable to robotic production methods.

So even as sales climbed into the low seven figures and the employee roster grew to 20, Terry was struggling with a bit of an identity crisis and a growing case of management burnout. The Japanese bikes were overpriced and looked old, and Terry was too busy handling paperwork and administration to

Racing Bike Chic

Not so long ago, American men who wanted to become bicycle frame builders would serve apprenticeships in England or Italy to learn from the acknowledged masters of the art. As the first builder of women's frames in the United States, Georgena Terry had no models to follow, and it is unlikely any of the Old World craftsmen would have welcomed her to their ateliers. But she has become a model herself to a new generation of athletic and entrepreneurial women.

"I think I would not be able to specialize in the way I do if there had not been a Georgena Terry before me," said Natalie Ramsland, founder and frame builder at Sweatpea Bicycles in Portland, Ore. "She definitely pioneered the women's biking niche, and made it visible and legitimate. Then it became something the industry could not ignore."

Ramsland's marketing reflects the blend of athleticism and femininity that marks women-specific companies like Athleta and Title Nine. She separates her custom and standard frames under the headings "LOVE" and "LUST," with one production model called "The Little Black Dress." A former bike messenger and architecture student, she sprinkles her Web copy with phrases like "Lookin' Good. Hauling Ass," and recently blogged about racing cross — a combination of on- and off-road courses characterized by mud and beer consumption — while pregnant.

"Each week I pin my race number to my jersey and I race," Ramsland wrote. "I may find my heart rate higher, my pace slower, and my finish placement sliding, but that is no longer relevant in my new numerology. I want to be counted among a field of women. Not first, not top-ten perhaps. Just one among many who are doing with their bodies something remarkable and common, hard and temporary."

Margo Conover, owner of Luna Cycles in Santa Fe, N.M., was an elite-level road racer before taking up the welding torch, and prior participation in sports is common among the new generation of women entrepreneurs. Does athletic competition build leadership skills? Certainly the way some CEOs throw around sports metaphors suggests it should be a prerequisite. Since the passage in 1971 of Title IX, an extension of the Civil Rights Act of 1964, women have been guaranteed equal access to elementary and high school sports programs. That may translate into a different kind of leader.

"When you interview a lot of young women athletes, they definitely know that if they can succeed, it will help the greater whole," said Michael Jager, president and creative director of Jager Di Paola Kemp Design, a brand design firm based in Burlington, Vt. "That, to me, is key to leadership; my success is the team's success. We've talked to women Olympians, professional and teenage athletes, and that theme is common. When everybody is feeding off that idea, pretty amazing things can

happen. That will emerge in women creating business platforms that are not just money machines, but a part of building something greater, contributing to the whole."

For Terry Precision Bicycling, one of the unexpected benefits of its move to Burlington, Vt., in 2010 is that the city is a magnet for fit young people: cross-country skiers, hikers and bikers too, despite the snowbound winters. And although Terry's founder and its new chief executive are baby boomers, most of its 16 employees are quite young, and all but two of them are women.

"There is definitely a greater sense of adventure and willingness to take on risk in these younger women I'm working with," said Elisabeth Robert, Terry's majority owner and chief executive. "There is definitely a greater inclination today among young women to be entrepreneurs, which suggests to me there is a greater leadership ability baked into their psyche than my generation had. For both men and women, team sports are a great early-stage curriculum for leadership. The fact that women's athletics, especially at the high school level, has evolved has a lot to do with women having greater leadership ability."



Terry Precision Cycling's Brain Trust: Paula Dyba, Georgena Terry and Liz Robert

Missy Park, founder and chief executive of Title Nine, a women's athletic apparel company in Emeryville, Calif., also employs many athletic young women. But, despite her company's name, she does not attribute their leadership style or ability to the landmark legislation. "Women are inherently more collaborative, and I don't think that has anything to do with Title IX," Park said. "I think it has to do with being the original team captain, managing the home. I don't see people here competing hard for resources. It's 'Let's collaborate rather than having a wrestling match.' All of those characteristics were there; Title IX just uncovered that skill set, along with the women's movement."

—Lawrence M. Fisher

design a new line. One of her business partners left to run a women's bike touring company. The other, Paula Dyba, had her hands full with the apparel catalog. Business was good, but life was not, a conundrum not covered in M.B.A. programs.

"Around 2005 or 6, we asked ourselves, 'What's the real long-term plan for this company?'" Terry said. "It was getting too big for us to manage well. I was inundated keeping books, which I hated. Paula was doing catalogs. We didn't want to walk away. The employees couldn't buy it. So we started talking to Me-A guys."

Tully & Holland, a boutique investment firm based in Wellesley, Mass., introduced Terry to Elisabeth Robert, the former chief executive of the Vermont Teddy Bear Company, which, like Terry, had extensive catalog and Internet sales. Although Robert had initially been looking for a passive investment, she saw that Terry's needs dovetailed with her experience.

It always has to be about the product, and about the experience. For us, it's "What do you want cycling to be about today?"

"It became clear to me out of the gate that they were very much in need of management," Robert said. "Paula's really a marketing genius, with a great creative sense, and Georgena is an engineer, the innovator and introducer of women's-specific geometry for bicycles. But neither one was particularly skilled in how to run a business, one that had grown to \$7 million in sales. So I was able to acquire the company and insert myself in a way that could really add value."

A Middlebury College graduate and loyal New Englander, Robert wasted no time moving the company to Burlington, Vt. Terry remained in Rochester, where, freed of management tasks, she moved quickly to revitalize the bicycle line. Dyba, after initially giving notice, also opted to telecommute, as vice president for marketing.

Terry Precision jump-started the new bikes through a licensing agreement with Advanced Sports International, a Philadelphia company that had taken the venerable Fuji line from \$7.5 million in 2001, when Advanced Sports acquired it, to \$80 million in 2009. Along the way, ASI also acquired Kestrel Worldwide, SE Bikes, Breezer and Oval Concepts, while also sponsoring a successful racing team. ASI's president, Patrick Cunnane, proposed a different arrangement for Terry, in which Georgena Terry's designs would be manufactured to her specifications in Taiwan, while ASI would handle distribution and sales.

ASI gives Terry a 2011 line of five bikes, ranging from the hybrid Susan B, at \$729, to the Tailwind, a lightweight perfor-

mance-oriented road bike at \$1,669. Those prices place Terry squarely in the territory claimed by independent bike shops, where the average selling price is about \$600. But it is increasingly common for cycling enthusiasts to spend 10 times that amount, or more, for a first-rate frame with high-end components. Mass marketers, like Wal-Mart Stores, on the other hand, sell bikes for \$100 or less and are served by an entirely different group of vendors.

But the bikes that truly excite Terry are the three steel-framed models that are hand built in the United States and priced from \$3,100 to \$5,700. While she is not wielding the torch herself these days, Terry works closely with Marc Muller, chief designer at Waterford Precision Cycles, where the bikes are manufactured. Waterford, based in Waterford, Wis., is owned by Richard Schwinn, scion of the most famous name in American cycling, and is considered a leader in the resurgence of steel as a frame material.

"Steel is real," said Terry, explaining that the comfort and durability of the material are still second to none. The close relationship with Waterford will also allow Terry to offer made-to-measure bikes, guaranteeing the ultimate fit. After all, two women of the same height can have very different leg-to-torso proportions, divergent riding styles or age- and injury-related requirements that demand a frame with non-standard dimensions.

The Gender Question

Those variations prompt some people to question the whole premise of a bike shaped to fit some generalized notion of women's needs. "My view is a little more broad, that you can't make a blanket statement about the physical shape of one sex or another," said Sky Yaeger, former vice president, product development for Bianchi USA, although she herself designed women's bikes for the company. "From a marketing standpoint, the industry was so male dominated, we had to reach out to women. But there never were men's bikes, there were just bikes. A bike is some tubes; it doesn't have a gender."

But other women in the industry say there is a distinct value in a women-specific bike that transcends marketing and physiology. By carving out this niche, Terry defined a women's bicycle market beyond the heavy and poor-handling "girls' bikes," characterized by a sloping top tube to accommodate riding in a skirt.

"Women bikers have all very much benefited from her thinking that a bike that fits and is light and well made should be available to them," said Jacquie Phelan, a three-time U.S. national champion mountain bike racer, referring to Terry. "I locate my opinion in the arc of the history of the bicycle, back in the 1880s, where women's-specific was the only way they got women on bicycles. Victorian bike builders did all that genderizing to overcome the stigma of mannishness attached to bike riders. I still think it's important, not



because women's bodies are so different, but because women need to be taken seriously."

Sadly, most independent bike shops still do not cater to women effectively. Women make up 60 percent of health club membership, but only 35 percent of bicycle sales, according to 2006 data compiled by the National Bicycle Dealers Association.

"The simple fact is that we have not done real well as a channel," said Jay Townley, the consultant. "We tend to condescend to women; the shop staff drive them away. I know of a couple of entrepreneurs right now who are working on women's-only stores, so you do see some interesting things beginning to surface. The first company to figure this out is going to make a fortune."

Robert is determined that the company will be Terry Precision Cycling. "We see ourselves as having an opportunity to create a lifestyle brand, the defining women's cycling brand," she said. "It's not exclusively hard or soft goods, and we're not going after the über-athlete. My goal is not to compete with Pearl Izumi or Trek for a bigger share of the pie that exists today. My goal is grow the market for women's cycling."

Extending the Line

A bicycle is not a frequent purchase, and even the most style-conscious rider does not need more than a few different jerseys or pairs of shorts, so part of the strategy is to extend the Terry brand to casual wear, even jewelry and pajamas. And the company's Web site is packed with video, podcasts, forums and other media designed to make it a frequent destination for active women. Employing her programming skills,

Terry has written a Terry Precision application for the iPhone, downloadable free from Apple's App Store. She also tweets on Twitter, posts on the company's Facebook page and personally responds to as many customer e-mails as she can.

"Often, the key to growth is that people recontextualize you," said Michael Jager, the brand designer. "I think that will happen with Terry. [They] will set in motion a presence and an awareness, being able to use social media and all those tools Georgena never had before. This is about women on bikes, but it is also about women on blogs."

Many bicycle companies sponsor racing teams, and Terry has done that in the past, but in recent years the industry has gotten a bigger boost from charity rides, usually to raise research dollars for major diseases, than it has from serious competition. Terry has its own sponsored ride, The Wild Goose Chase, which runs through and raises money for the Blackwater National Wildlife Refuge near Cambridge, Md. Terry leads the ride herself, for the pleasure and for the chance to connect to customers, and she hopes to expand it to other regions.

"One thing this company has always had is a huge base of evangelists who love what we stand for, what we do," Terry said. "You have to nourish that, because if you have it, it's gold. I always go back to Apple, which wrote the book and does it so well. It always has to be about the product, and about the experience. For us, it's 'What do you want cycling to be about today?' Everybody needs to experience this."

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