

# **The Boston Bike Company BUSINESS PLAN**

2322 Massachusetts Avenue  
Cambridge, MA

# **Business Plan Outline**

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## Mission Statement

The mission of The Boston Bike Company:

- Make the best US-made bikes and bike parts in Worcester MA..
- Build electric conversion bikes in 2 years
- To educate the public on safe bike riding
- Encourage riding for exercise, fun, to save money, and reduce carbon emissions
- To put our Factory Stores in the major top 10 markets
- Increase the value of one share of stock to \$5 in 3 years.
- Go public in 4 years in 2025

## Company Overview

### **General Business Description**

The Boston Bike Company Corporation, incorporated in April of 2021 in Delaware, is a US bicycle manufacturing company that makes and sells low maintenance, high quality, chromoly steel framed bikes for under \$1000. The type bike we are currently making is the **City Bike**, strong, safe, comfortable, and good for all the bumps in the road. Eventually the company plans on making and selling electric conversion bikes, and BMX type bikes. The Company also is planning on making its own bike parts. The company now gets its parts from overseas manufacturers which, because of supply chain problems, are expensive and not reliable. Making our own parts will greatly reduce our Cost of Goods Sold.

The Company's focus was to design, develop and create the **City Bike**. The Company completed this process under budget for \$95,000. The 2022 focus is to move into a production location in Worcester MA and to build sales. Goals are to sell 1,175 bikes in 2023 with sales \$1,057,500.

The company incorporated in April of 2021 in Delaware with 7,000,000 shares of common stock which it has issued 4,800,000. The company is located at 2322 Mass Ave, Cambridge MA, 02140.

The Boston Bike Company will use the following formula to obtain its profit of 15% before taxes:

Cost of Goods Sold expense – 40% of gross sales

Marketing and Advertising expense – 17% of gross sales

Sales expense – 12% of sales

Administration expense – 15% of gross sales

These % numbers will be attained by end of 2022

## **Board of Directors**

Kevin Griffin,  
John Sortino, President  
Hannah Sortino, Secretary, Treasure

## **Advisory Associate Board of Directors**

Tim Mathewson, Owner of Little City Cycles, Vergennes, VT

## **Founders**

John Sortino, CEO & CMO  
Kevin Griffin,  
Hannah Sortino,

## **Products and Services**

The first bikes made by the company will be its own designed **City Bikes**. The unique feature of the **Boston Bike City Bike** is the curved top tube frame, not a triangular frame like most or all other bike makers. Powder coating will be used to paint the bike, and many colors will be offered.

A customer will eventually pick between self-pedaling bikes and electric motorized bikes. Because we make our own frames, it will be easy to convert a frame for whatever the customer wants. Customers will be able to order on-line or by visiting our retail factory stores.

Customers will customize their bikes by picking the color, seat, handlebars, number of gears and wheel type.

The company will begin selling bikes in 2022 to the Boston and Worcester area at our retail factory store shops. In 2023, we plan on opening another Boston Area factory shop. In 2024, we will open a factory store in New York City. Our website also offers the customer the ability to purchase our bikes online.

Because the company is selling directly to the consumer, very few bikes will be made before they are sold. Once a bike is sold, we will turn it around back to our customer in 3 days. Our business model is not to make a complete bike until a bike is sold, which keeps our inventory and warehouse cost down.

The major benefit is that our bikes are made for riding on bike paths and city (town) streets. The chromoly steel is flexible steel, unlike stiff aluminum, that absorbs the bumps in the road and therefore gives the rider a great safer and comfortable ride. Our bikes come with a 2-year guarantee for parts and a lifetime guarantee for the frame. We want our customers to feel like they bought a quality bike that will last them a lifetime, from an honest and solid company with the best customer service.

Our pricing strategy is to price the bikes not as expensive or cheap, but mid-range that offers the customer many advantages over other bikes.

## **Market & Industry Analysis**

Our company will address the needs of bike riders and the growing bike rider market. The market has grown from 39.5 million riders in 2006 to 49 million in 2019. In the USA, 2021 will likely stand as the biggest year for bicycling since 1973.

The projection for the City of Boston is an increase in bicycling by fourfold by 2030.

Bike Sales should approach all-time annual highs, with figures for May 2020 (from suppliers to retailers in US dollars) more than double those of May 2019. Riding participation may break all records, increasing by 20 percent or more in just about every category, on pavement, on dirt, at parks and hopefully (soon) to work and school. Given that Americans traditionally take nearly five billion bike trips a year, this rise is significant.

Lifestyle changes imposed by the COVID-19 pandemic have been a huge factor in this growth. The pandemic has inspired millions of Americans to reassess what is important and ask themselves how they want to live. A new concept of modern living is taking shape: it is slower paced, more focused on people and simple pleasures, and better for the planet. Bike riding is a growing part of this – for many newfound - lifestyle. This year, nearly one in three Americans will ride a bike; bicycling is becoming more mainstream, more popular, and more important as a timely solution to daunting societal challenges.

A recent poll of 1,000 Americans concluded that 50 percent plan to ride bikes more often post-pandemic. The Guardian recently reported that the National Association of City Transport Officials (NACTO) says they are seeing an “explosion in cycling” in many American cities. Eco-Counter, which collects bike data, reports that bicycle counts have

“significantly increased” across most of North America compared to usual, and that biking levels in the western United States **increased by 253%** in late April. City leaders coast to coast have been decisively reallocating street space to encourage people to bike and walk. While many of these alterations are temporary, some will remain in place for years to come. Independent of these quick fixes, thousands of miles of new bike lanes, paths and trails are being built in cities and on public lands in the US. Transportation and recreation choices are being prioritized. Complete, seamless bike networks will support that goal. More U.S. cities have unveiled bold plans to expand their bike networks. New York City is now considering a plan to create a seamless network of 425 miles of bikeways. Meanwhile, both branches of the US Congress have approved big increases for bike infrastructure in their versions of the next five-year federal transportation bill. If this goes through, the proposed increases should add between \$250 million and \$500 million per year to the federal bike investment.

The global bicycle market size was valued at USD 20,280.0 Million in 2019. According to the bicycle market analysis, the market is estimated to reach USD 28,667.3 Million by 2027. The bicycle market forecasted a growing CAGR of 4.8% from 2021 to 2027.

People have started realizing the importance of staying fit and having a healthy life. They have also started realizing that regular bicycling can keep disorders, such as obesity, at bay. The market is likely to grow as more and more people are resorting to bicycling as a regular form of exercise, climate control, cheap transportation and fun.

The growing traffic congestions and shortage of parking space, particularly in metropolitan cities, is prompting people to consider bicycle commutation for short distances to save time. At the same time, various governments are aggressively rolling out the infrastructure necessary to support bicycle commutation, thereby encouraging people to opt for bicycles. The outbreak of COVID-19 is certainly expected to favor the market growth in coming years as several governments around the globe are significantly promoting bicycles as one of the safest-medium of transportation, which helps people to maintain social distancing. In addition, governments across key countries such as the U.K and Italy are providing subsidies on the purchase of new bicycles during the pandemic. Therefore, the government support in form of initiatives and subsidies, coupled with growing awareness regarding benefits offered by bicycles, bodes well for the market growth over the next few years.

## **Competition**

Our initial main market competition is other bikes shops and On-line bike sellers. There are not many US bike manufactures that sell a US made midrange bike. Detroit Bikes, <https://detroitbikes.com/>, is one of the few companies we have found.

## **Sales and Marketing Strategy**

Our company will sell basically 2 types of bikes, self-pedal bikes and motorized bikes. Customers will customize their bikes by picking the color, seat, handlebars, color, wheel type and number of gears.

Because the company is selling directly to the consumer, very few bikes will be made before they are sold. Our business model is to not make a bike until a bike is sold, which keeps our inventory and warehouse cost way down. Customers will be able to buy a bike at our retail store or online website store.

We will advertise and market to potential customers the following ways:

1. Press releases
2. Google ads
3. Optimized website
4. Social media – Facebook page and You Tube videos
5. Radio, Billboards

## **Marketing and Sales Forecasts**

2022 – sell 100 bikes with sales of \$85,600

2023 – sell 1,175 bikes with sales of \$1,057,500

## **Manufacturing & Operations**

We are currently making our frames at in our welders welding space of 2000 square feet in Rutland, MA. After a frame is complete, it is assembled in our factory store in Cambridge MA by our chief bike tech. With the help of a \$25,000 loan from the City of Worcester, we plan on moving our frame building operation within the city of Worcester at 95 Prescott in a 1400 square foot space that will also serve as a factory store. The loan money will also be used to purchase a powder coat painting system for 4000.

### The frame process:

We buy our Chromoly 4130 steel from a local metal supplier located in New Hampshire. The more metal we buy, the better the price. Our bike parts come from the largest national wholesale bike part supplier J & B Importers Inc, (<https://www.jbi.bike>). We buy the steel, and then cut to the proper length of one on the 9 parts of a bike frame. Then miter the cuts so they fit together properly in our custom made bike frame template – **our Boston Bike jig**. Then we TIG weld the frame, clean the frame (sandblast) and finally powder coat the frame.

After the frame is complete, we then customize the bike by customer's needs by number of gears, type of seat, preferred handlebar, and tire width.

Costs will go down as we make more bikes and improve our manufacturing efficiencies. The target cost of making a complete bike for 2022 is, not including labor: \$290 for single speed which sells for \$650, \$340 for 3 speed which sells for \$850, and \$380 for a 7 speed which will sell at \$995. The more parts we make our self, the more the cost of goods go down. We can reduce the cost of parts easily just by making some of the simple parts in our factory like the seat stem, which is nothing more than an aluminum tube.

The labor cost goes down the more bikes we make. The more bikes we make the better assembly line – think cars. Making one bike an hour is not unreasonable. In 3 years, making 5 or more bikes an hour is very reasonable.

in 2021 we got a lease for two of our important machines: mitering machine \$6,200, and our tube metal bending machine for \$5,000. We need to purchase a powder coat system in 2022 for \$4000 plus shipping.

As we make more and more bikes, more equipment will be needed like welding equipment. For now, we have enough equipment to make 100 bikes a month.

## **Exit Strategies For Investors and Future Growth Plan**

After showing increase in sales to 4.7 million in 3 years, our goal is to go public in 2025. The money used from the IPO will be used to meet the needs of our investors and to purchase bike part companies who make tires, seats, gears, racks, bike trailers and to expand our sales nationally.

## **The Team**

Samuel Besnoff, Production and Bike design manager

Zachary Sabedra, Head mechanical technician for bicycles

Hannah Sortino, Customer service, order processing, Treasure Board member, founder

John Sortino, CEO, Chairman of the Board

Bio

John Sortino is the founder and former CEO of The Vermont Teddy Bear Company (VTBC). Within 15 years, John turned a peddler's cart business - making teddy bears - into a \$100 million stock public offering on a \$50,000 loan. During John's tenure, VTBC was named one of America's fastest growing companies three years in a row by Inc. Magazine (88<sup>th</sup>, 55<sup>th</sup>, 50<sup>th</sup>), "Best Customer Service in New England" by NECSR, and the "Best Company in America" by Dunn and Bradstreet, Coopers and Lybrand (now PricewaterhouseCoopers) and The National Foundation of Independent Business People. Also under his pioneering leadership, VTBC received the Yankee Award for "Best Public Relations." John was also named to the top 100 marketing people in Advertising Age.

John was also a founding member of The Chicago Bike Company, which he began and then sold to a group Investors.

John's book, "The Completes Idiot's Guide to Becoming a Successful Entrepreneur" has sold over 55,000 copies. John comes from a family with a long history of entrepreneurs, both grandfathers, father and brother are entrepreneurs.

John is a board member of St. Peters School in Cambridge MA.