

Global Bike Inc.

Background and overview of GBI strategy and operations.

Product

SAP ERP
G.B.I.
Release 6.04

Level

Undergraduate
Beginner

Focus

Company Background

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Version

2.01

MOTIVATION

A general understanding of GBI (the company) prior to embarking on hands-on exercises and case studies in the SAP ERP client is critical for success.

This narrative provides a historical background for how GBI began and an overview of its operations and strategy. This information will be used extensively throughout the curriculum material.

PREREQUISITES

None.

NOTES

None.

GBI Company History

Task Get to know the company's history.

Time 15 min

Short Description Read the below narrative to learn about the company's history.

Notes

Global Bike Inc. has a pragmatic design philosophy that comes from its deep roots in both the off-road trail racing and long-distance road racing sports. Nearly 20 years ago, its founders designed their first bikes out of necessity—they had races to win and the bikes that were available at the time did not perform to their extremely high standards. So, they took matters into their own hands and built legendary bikes that would outlast and outperform the competition. From these humble origins, Global Bike Incorporated was born and continues to deliver innovative high-performance bicycles to the world's most demanding riders.

This heritage of entrepreneurial spirit and quest for design perfection is still the cornerstone of GBI's corporate philosophy. GBI produces bikes for the most demanding competitors—whether the competition is on pavement or dirt, for money, fame or just bragging rights.

John Davis earned his racing scars in the mountain racing circuit in America, where he won numerous downhill and cross-country championships. Early on, John realized that the mass-produced bicycles available were inadequate in many ways for the type of racing he was doing. So, John stripped four of his old bikes down to the bare metal and rebuilt them into a single "Frankenstein" bike that he rode to win the national championship. Once news of his Frankenstein bike got out, John's friends and even his competitors began asking him to build them a Frankenstein bike too. While recovering from an injury in 1990, John started producing the first series of Frankenstein bikes in his garage—each one custom-built from cannibalized parts from other bikes. As more and more orders came in, John successfully expanded Frankenstein Bikes from his garage operations into a full-blown manufacturing facility in Dallas and began producing custom trail bikes which he sold through a network of specialized bike dealers throughout the country.

At nearly the same time, halfway around the world in Heidelberg, Germany, *Peter Schwarz* was studying engineering and competing in regional touring races on weekends. In between his races and studies, Peter worked at a bike shop in Heidelberg, fixing student bikes and tuning the touring bikes that he and his friends rode for competitions. As Peter's reputation as a fierce competitor and mechanical wizard grew, he also began to design and build road bikes based on an ultra-light composite frame that he had created for one of his engineering courses. Peter's

innovative use of carbon composite materials allowed him to build a frame that was significantly stronger and one tenth the weight of competing frames. As a student, Peter did not have a great deal of financial resources, so he partnered with a local company that manufactured his frame designs as a contract manufacturer. Soon, Peter's frames were being used by racers all over Europe and he started Heidelberg Composites to market and design frames which would be fabricated by a contract manufacturer on a larger scale. Heidelberg Composites sold its frames to specialized bike stores throughout Europe and directly to racing teams, eventually becoming the leader in lightweight touring frames in Europe.

Through a twist of fate, Peter and John met each other in 2000 and immediately recognized their mutual passion for performance and complimentary business models. Each had been looking for a partner in another racing field and each had been looking for a partner in a different market. They quickly realized that a merger between their two companies would be extremely synergistic and that the combination of their product lines and regional distribution channels would generate a great deal of efficiencies.

So, in 2001, Heidelberg Composites and Frankenstein Bikes merged to form Global Bike Incorporated. Today, John and Peter share the responsibilities for managing GBI's growing organization as co-CEO's. John is responsible for sales, marketing, service & support, IT, finance and human resources groups and Peter is responsible for research, design, procurement and manufacturing groups from an organizational reporting perspective.

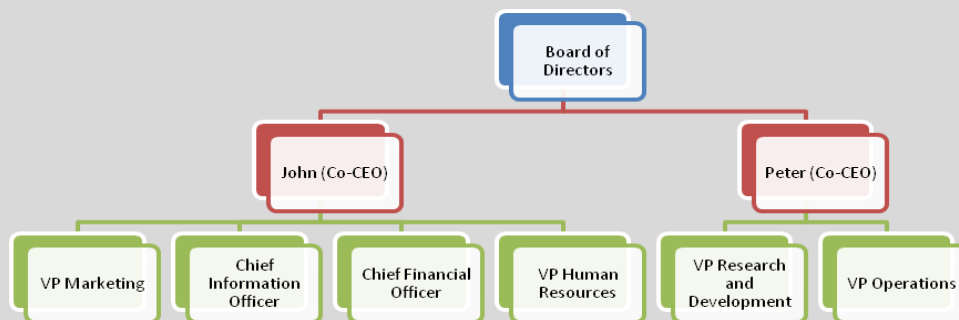


Figure 1:
Organizational Structure

However, GBI is a process-centric organization, so John and Peter prefer to think of the processes that they are responsible for, rather than the functional areas of the company that report to them. From this perspective, Peter is responsible for Idea-to-Market and Build-to-Stock and John is responsible for Order-to-Cash and Service & Support, as well as the supporting services for all four key processes. The simple way to look at their responsibilities would be to say that Peter spends money and builds products and John sells products and brings in money.

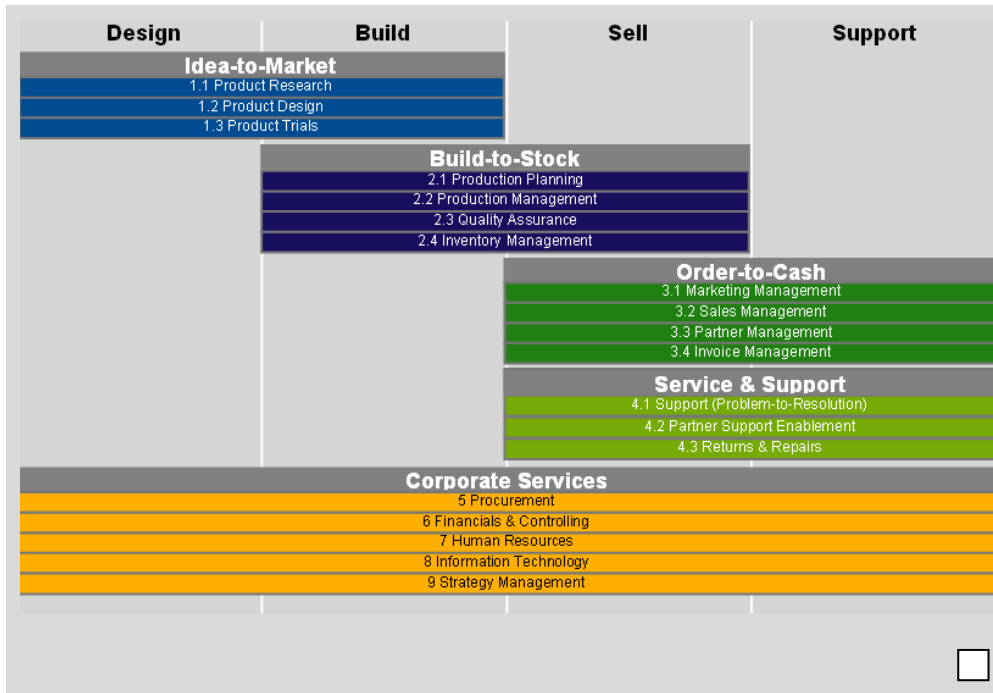


Figure 2:
Enterprise Process Map

GBI Corporate Overview

Task Develop an organigram for GBI's enterprise structure.

Time 15 min

Short Description Read the below narrative to gather all relevant information for sketching GBI's current company structure.

Notes

Due to several tax and export issues, GBI's headquarters is located in Dallas and GBI is registered as a US company, following US GAAP accounting standards. GBI operates a subsidiary company, GBI Europe, which is based in Heidelberg and is subject to IFRS accounting standards and German tax regulations.

Material planning, finance, administration, HR and IT functions are consolidated at the Dallas headquarters. The Dallas facility manufactures products for the US and export markets and its warehouse manages product distribution for the central US and internet retailers. GBI also has warehouses for shipping and export in both San Diego and Miami. San Diego handles West Coast distribution and exports for Asia, while Miami handles East Coast distribution and Latin America exports.

GBI Europe has its headquarters in Heidelberg Germany. The majority of research and development is housed in the Heidelberg offices. Heidelberg is also the main manufacturing facility for GBI in Europe. The Heidelberg warehouse handles all shipping for southern Europe. The Hamburg warehouse handles all shipping for the UK, Ireland, Middle East and Africa. GBI sells its bikes throughout the world and employs approximately 100 people, 2/3rds of the employees are in the US and the remaining 1/3 in Europe.

Organigram



GBI Product Strategy

Task Get familiar with GBI's product strategy.

Time 15 min

Short Description Read the below narrative about GBI's product strategy.

Notes

GBI is a world class bicycle company serving the professional and "prosumer" cyclists for touring and off-road racing. GBI's riders demand the highest level of quality, toughness and performance from their bikes and accessories.

Product development is the most critical element of GBI's past and future growth. GBI has invested heavily in this area, focusing on innovation, quality, safety and speed to market. GBI has an extensive innovation network to source ideas from riders, dealers and professionals to continuously improve the performance, reliability and quality of its bicycles.

In the touring bike category, GBI's handcrafted bicycles have won numerous design awards and are sold in over 10 countries. GBI's signature composite frames are world-renowned for their strength, low weight and easy maintenance. GBI bikes are consistently ridden in the Tour de France and other major international road races. GBI produces two models of their signature road bikes, a deluxe and professional model. The key difference between the two models is the type of wheels used, aluminum for the basic model and carbon composite for the professional model.

GBI's off-road are also recognized as incredibly tough and easy to maintain. GBI trail bikes are the preferred choice of world champion off-road racers and have become synonymous with performance and strength in one of the most grueling sports in the world. GBI produces two types of off-road bike, a men's and women's model. The basic difference between the two models is the smaller size and ergonomic shaping of the women's frame.

DELUXE TOURING BIKE (BLACK)	EN	DXTR1000
DELUXE TOURING BIKE (RED)	EN	DXTR3000
DELUXE TOURING BIKE (SILVER)	EN	DXTR2000
MEN'S OFF ROAD BIKE	EN	ORMN1000
PROFESSIONAL TOURING BIKE (BLACK)	EN	PRTR1000
PROFESSIONAL TOURING BIKE (RED)	EN	PRTR3000
PROFESSIONAL TOURING BIKE (SILVER)	EN	PRTR2000
WOMEN'S OFF ROAD BIKE	EN	ORWN1000

GBI also sells an accessories product line comprised of helmets, t-shirts and other riding accessories. GBI partners with only the highest quality suppliers of accessories which will help enhance riders' performance and comfort while riding GBI bikes.

Figure 3
GBI Finished Products

AIR PUMP	EN	PUMP1000
ELBOW PADS	EN	EPAD1000
FIRST AID KIT	EN	FAID1000
KNEE PADS	EN	KPAD1000
OFF ROAD HELMET	EN	OHMT1000
REPAIR KIT	EN	RKIT1000
ROAD HELMET	EN	RHMT1000
T-SHIRT	EN	SHRT1000
WATER BOTTLE	EN	BOTL1000
WATER BOTTLE CAGE	EN	CAGE1000

Figure 4
GBI Trading Goods



GBI Manufacturing Strategy

Task Get familiar with GBI's manufacturing strategy.

Time 10 min

Short Description Read the below narrative about GBI's manufacturing strategy.

Notes

GBI operates two production facilities, Dallas and Heidelberg. Each facility has three assembly lines and can produce around 1000 bikes per year. Total production capacity is roughly 6000 bikes per year, but can be increased by 15%-20% by using overtime hours and part-time workers.

GBI has outsourced the production of both off-road and touring frames and the carbon composite wheels to trusted partners who have specialty facilities to fabricate the complex materials used. GBI maintains very collaborative research and design relationships with these specialty partners to ensure that innovations in both material and structural capabilities are incorporated into the frames. GBI primarily assembles semi-finished goods into finished goods at its production facilities. Finished goods are either stored in the local warehouse or shipped to other regional distribution centers to fulfill customer orders.

BRAKE KIT	EN	BRKT1000
CARBON COMPOSIT WHEEL	EN	CCWH1000
CHAIN	EN	CHAN1000
DERAILLEUR GEAR ASSEMBLY	EN	DGAM1000
HEX NUT 5 MM	EN	HXNT1000
LOCK WASHER 5 MM	EN	LWSH1000
MEN'S OFF ROAD FRAME	EN	OFFR1000
OFF ROAD ALUMINUM WHEEL	EN	ORWH1000
OFF ROAD HANDLE BAR	EN	ORHB1000
OFF ROAD SEAT KIT	EN	OFSK1000
OFF ROAD TIRE	EN	ORTR1000
OFF ROAD TUBE	EN	ORTB1000
PACKAGING	EN	PCKG1000
PEDAL ASSEMBLY	EN	PEDL1000
SOCKET HEAD BOLT 5X20MM	EN	BOLT1000
TOURING ALUMINUM WHEEL	EN	TRWH1000
TOURING FRAME-BLACK	EN	TRFR1000
TOURING FRAME-RED	EN	TRFR3000
TOURING FRAME-SILVER	EN	TRFR2000
TOURING HANDLE BAR	EN	TRHB1000
TOURING SEAT KIT	EN	TRSK1000
TOURING TIRE	EN	TRTR1000
TOURING TUBE	EN	TRTB1000
WARRANTY DOCUMENT	EN	WDOC1000
WOMEN'S OFF ROAD FRAME	EN	OFFR2000
CARBON COMPOSIT WHEEL ASSEMBLY	EN	CCWA1000
OFF ROAD ALUMINUM WHEEL ASSEMBLY	EN	ALWA1000
TOURING ALUMINUM WHEEL ASSEMBLY	EN	ALWA2000

Figure 5
GBI Raw Materials
GBI Semi-Finished Goods

GBI Distribution Network

Task Get familiar with GBI’s distribution network.

Time 10 min

Short Description Read the below narrative about GBI’s distribution network.

Notes

Given the highly specialized nature of GBI’s bicycles and the personalized needs of riders, GBI sells its bikes exclusively through well-known and respected Independent Bicycle Dealers (IBDs). These dealers employ staff members who are experts in off-road and tour racing to help consumers choose the right GBI bike and accessories for their individual needs.

10014	NEW YORK CITY	BIG APPLE BIKES	2000	US00			
18033	BOSTON	BEANTOWN BIKES	5000	US00			
19073	PHILADELPHIA	PHILLY BIKES	3000	US00			
20004	WASHINGTON DC	DC BIKES	11000	US00			
30319	ATLANTA	PEACHTREE BIKES	4000	US00			
32804	ORLANDO	THE BIKE ZONE	25011	US00			
48076	DETROIT	MOTOWN BIKES	8000	US00			
49504	GRAND RAPIDS	F	04227	LEIPZIG	DRAHTESEL	18000	DE00
60515	CHICAGO	W	16341	BERLIN	CAPITAL BIKES	16000	DE00
80111	DENVER	F	17389	ANKLAM	OSTSEERAD	21000	DE00
92612	IRVINE	S	22760	HAMBURG	ALSTER CYCLING	14000	DE00
94304	PALO ALTO	S	22767	HAMBURG	RED LIGHT BIKES	23000	DE00
98004	SEATTLE	N	30627	HANNOVER	CRUISER BIKES	17000	DE00
			39130	MAGDEBURG	VELODOM	24000	DE00
			44784	BOCHUM	FAHRPOTT	19000	DE00
			60549	FRANKFURT	AIRPORT BIKES	13000	DE00
			69115	HEIDELBERG	NECKARAD	20000	DE00
			70825	STUTTGART	RÄDLELAND	22000	DE00
			92275	MÜNCHEN	BAVARIA BIKES	15000	DE00

Figure 6
GBI Customers in US and Germany

Due to the highly technical nature of its products, GBI has embraced the Internet primarily as an information channel, maximizing its potential for educating consumers and partners and marketing its products to a large audience.

Since GBI’s main sales channel is through specialty resellers and there are complex tax issues associated with selling in multiple states and countries, they have a limited amount of internet sales.



GBI Partner Network

Task Get familiar with GBI’s partner network.

Time 10 min

Short Description Read the below narrative about GBI’s partner network.

GBI has established an extensive partner operation to ensure process continuity between GBI and its partners to deliver best-in-class products for its customers. Special attention has been paid to nurturing strong relationships with suppliers and GBI is generally the largest customer of its main suppliers.

Notes

ATLANTA	000	OLYMPIC PROTECTIVE GEAR	101000	US00				
CARLSBAD	000	REDWOOD KITS	112000	US00				
CINCINNATI	000	BOOMTOWN TIRE & WHEEL	102000	US00				
EDISON	000	LIGHTBULB ACCESSORY KITS	104000	US00				
GRAND RAPIDS	000	RAPIDS NUTS N BOLTS	108000	US00				
HOUSTON	000	SPACE BIKE COMPOSITES	105000	US00				
IRVING	000	DALLAS BIKE BASICS	103000	US00				
LACROSSE	000	NAUGSBURG	000	LOHSE SCHRAUBE	118000	DE00		
MCLEAN	000	SBIELEFELD	000	PYRAMID BIKING	114000	DE00		
MIAMI	000	FUBRAUNSCHWEIG	000	BURGMEISTER ZUBEHÖR OHG	113000	DE00		
PORTLAND	000	GDRESDEN	000	SACHSEN STAHL AG	123000	DE00		
SCOTTSDALE	000	SIERFURT	000	ABS BRAKES GMBH	115000	DE00		
				HEILBRONN	000	THICK SPOKE	119000	DE00
				KARLSRUHE	000	GUMMI SCHULTZE	117000	DE00
				KÖLN	000	COLOGNE BIKE SUPPLIES	122000	DE00
				MANNHEIM	000	FLAT TIRE AND MORE	116000	DE00
				MÜNCHEN	000	RUN & FUN	124000	DE00
				SANDKRUG	000	SHELL GEAR	121000	DE00
				WÜRZBURG	000	MAIN CARBON	120000	DE00

Figure 7
GBI Vendors in US and Germany

 GBI IT Strategy

Task Get familiar with GBI's IT strategy.

Time 5 min

Short Description Read the below narrative about GBI's information technology strategy.

During 2009, GBI integrated a shared services model for all IT functions, located in the Dallas office. Along with this move to centralized IT, GBI also implemented SAP ERP (version 6.0). Prior to this, divisions were running multiple, independent application environments. All ERP functions are centralized with the primary objectives to reduce costs and deliver best-in-class technology to all divisions globally. This centralized approach offers GBI an advanced business platform under a highly controlled environment, which enables consistency of operations and process integrity across the globe.

Notes

