

## **Introduction to Dirt Bikes**

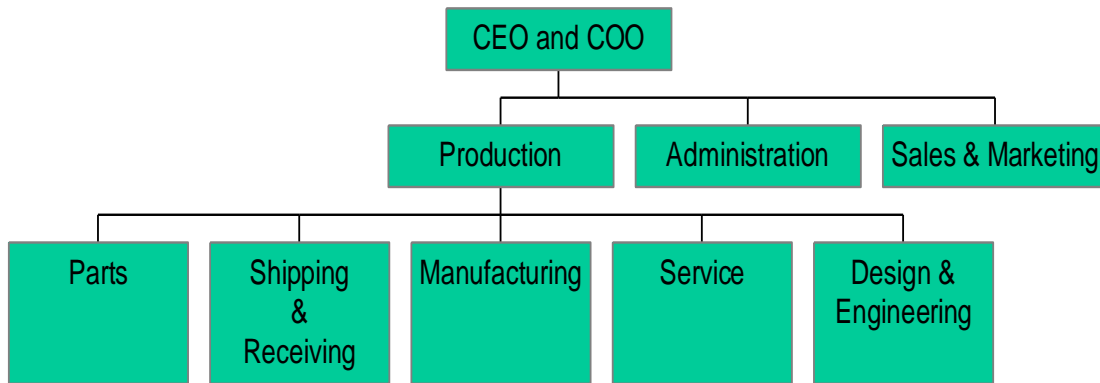
Dirt Bikes USA is a small company headquartered in Carbondale Colorado that manufactures and sells its own brand of off-road motorcycles. It was founded in 1993 to produce dirt bikes that could be customized for racing and off-road recreational riding using the best quality components and parts from all over the world. The company has continued to grow and now faces a new set of challenges and opportunities. You have been asked to serve as a consultant to apply your information systems knowledge to help Dirt Bikes solve some of the problems it is encountering.

## **Company History and Background**

Dirt Bikes USA was founded in 1993 by Carl Schmidt and Steven McFadden, two young but experienced bikers with engineering backgrounds who saw that dirt bikes were becoming very popular in the United States as both sporting and racing motorcycles. They developed frames for dirt bikes that were more suited to off-road handling and started using these frames to build their own dirt bike models using motorcycle engines manufactured by other companies, such as Honda and Rotax Motors of Austria. Riding on one of their customized dirt bikes, Steven finished first in the famous Barstow to Las Vegas race. There was so much interest in Carl and Steve's bikes that they decided to open a production facility that could manufacture large numbers of their dirt bikes for the retail market. They opened a small production facility in Carbondale which has since expanded to house 120 workers involved in production, design, and engineering and a corporate sales and administrative staff of close to 20 employees. Over the years Dirt Bikes USA has enhanced and expanded its product line to include dirt bike models optimized for racing and for off-road recreational use. Its racing models have placed well-and often placed first-- in the many dirt bike races staged throughout the United States, including the Barstow-Las Vegas race and competitions at Daytona Bike Week.

## **Organization Chart and Employees**

Dirt Bikes USA is still privately owned with Carl serving as CEO and Steven as President and Chief Operating Officer. About 120 employees work in design, engineering and production, including 3 full-time product designers and 3 engineers. In addition to a 4-person Parts department, Dirt Bikes maintains a ten-person service department to service warranties and customer problems with parts and motorcycle performance. Five employees work in Dirt Bikes' shipping and receiving department. Dirt Bikes' sales staff consists of a marketing manager and 5 sales representatives, two for the West coast and Western United States, one for the Midwest, one for the Northeast and one for the South. The corporate administrative staff consists of a controller, one accountant, one administrative assistant, two human resources staff members, three secretaries, and two information systems specialists to support systems servicing all of the business functional areas.



The company maintains a very friendly family atmosphere, encouraging teamwork, attention to detail and quality, and continual learning and innovation. Employees, distributors, and retail customers are urged to contribute ideas on how to improve Dirt Bikes' products and service.

### **Products and Services**

Dirt Bikes' founders realized that the most popular dirt bikes were foreign brands and wanted to capitalize on their proximity to the dirt bikes racing circuit and market in the United States. Carl and Steve hoped they could develop bikes that performed and looked better than the competition by using the best custom parts available. Dirt Bikes does not hesitate to use quality components from all over the world. The engines for Dirt Bikes are Rotax engines from Austria and tires are from Dunlop, but many of their parts, such as shock absorbers, front wheel forks, exhaust pipes, and headlights, are from the United States. Dirt Bikes makes its own frames, shaping them to give them the unique spirited style for which the company is noted. The company's parts and service business accounts for about 15% of its total revenue.

Manufacturing and selling dirt bikes is a complex business. Dirt bike racing has many forms, including racing specifically for different size bikes, for short distances, long distance, and even for up to six days. Enduro bikes are for cross-country racing and motocross bikes are specially designed for racing in an enclosed dirt course that can consist of a variety of terrains; uphill, downhill, corners, jumps, and so forth. Dirt Bikes currently produces four models: the Enduro 250, the Enduro 550, the Moto 300 and the Moto 450. The two Enduros are endurance racers, while the Motos are for motocross racing. All four are very modern, with such technology as both kick and electric starters, steering stabilizers, and liquid cooling. The large majority of these bikes are sold in the United States for between \$3,250 and \$9000 retail. (The Enduro 250 retails for \$3250, the Enduro 550 retails for \$7600, the Moto 300 retails for \$4295 and the Moto 450 retails for \$8995.) Dirt Bikes has appealed primarily to serious trail and Enduro riders, although it is making inroads into the motocross market.

## **Sales and Marketing**

Dirt Bikes does not sell directly to retail customers, relying on a network of 40 distributors concentrated in the Western and Midwestern United States. A small percentage of Dirt Bikes are sold in Europe using independent distributors that sell other brands of dirt bikes and motorcycles as well as Dirt Bikes. Dirt Bikes' motorcycles, parts, and service, including warranty repairs, can only be obtained through an authorized Dirt Bikes dealer. All motorcycle and spare parts sales, shipping and set-up must be handled by a certified dealer. If a potential customer lives more than 50 miles from the nearest authorized Dirt Bikes dealer, the customer can purchase a Dirt Bike or Dirt Bike parts through a certified independent motorcycle dealer. Retail customers can purchase spare parts directly from Dirt Bikes only by verifying that they live more than 50 miles from an authorized Dirt Bikes dealer.

Dirt Bikes' sales department works closely with Dirt Bikes' distributors. One of its key responsibilities is to aggressively promote Dirt Bikes at dirt bike racing and other events. Many Dirt Bikes employees are dirt bike racing enthusiasts themselves. Several are official company racers representing the company in dirt bike racing competition. Dirt Bikes recently established a Dirt Bikes USA Owners' Group to promote stronger relationships with customers and to make it easier for them to share their Dirt Bikes USA experiences. Dirt Bikes also advertises in magazines devoted to motorcycle racing and dirt bikes. It uses a small public relations firm to place articles about new company products or racing victories in these magazines. Dirt Bikes also pays for ads in these publications.