



channel mastery

Channel Mastery Podcast, Episode #113: Chris Guillemet

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- Kristin: Welcome back everybody to another episode of the Channel Mastery Podcast. I am so excited to introduce Chris Guillemet to you today who is the co-founder and CEO of Velofix. Welcome to the show, Chris.
- Chris: Thank you very much. Thanks for having me.
- Kristin: It's great to have you here. I understand you're in your new U.S. headquarters in Austin, Texas, today. Is that right?
- Chris: I am, yeah. I was in New York last week, it was a little brisk there, so it's beautiful, sunny in Austin and happy to be here. It's a great city.
- Kristin: It truly is, and it's awesome that you're setting up your U.S. headquarters there. Let's start by having you talk about the founding story of Velofix and then we're going to talk about the trajectory of the company and where we are today, because you're at a very, very exciting time as we're just about to wrap up 2019, heading into 2020. Let us know the founder story from your words.
- Chris: Sure, yeah. I think like a lot of great companies, we started in a garage. We started in a garage with some beers, so my co-founders and partner, David Xausa and Boris Martin, sitting in a garage having some beers and thinking there had to be a better way, thinking there had to be a different solution in terms of getting your bike serviced and buying parts and accessories for your bike. It was that simple. David and I were frustrated consumers, Boris was working at a bike shop while he was going to university and at the end of the day, the three of us came together and decided to start Velofix.
- Kristin: Okay. Obviously that was many years ago. Tell us exactly what the founding year was and
what the climate was like at the time. Because obviously consumers' preferences are changing all the time, and we call that the Amazon effect a lot here on Channel Mastery, but it has to do with a lot of different companies shaping the expectations of consumers today and that's what we chase on this show and what we try and I guess hack. At the time that you founded this, I think you might have been a little bit ahead of the curve. Tell us when you founded the company and what the landscape was like from a consumer expectation standpoint.

Chris: Well, we got together and we were in the garage at the end of 2012 and at that point in time, we were kicking around the idea and trying to figure out what the business model should be. Basically, October of 2012 was the first meeting and January of 2013 we put the first mobile bike shop on the road.

No question, I think from a cycling industry situation, we were definitely very early. We had suppliers that didn't want to sell us, because we weren't a brick and mortar. We didn't have a storefront. I think the climate back then in terms of the IBD, the Independent Bike Dealer, was much different than it is today.

You're right, back then Uber wasn't what it is today, Amazon Prime wasn't what it is today. All of these companies were starting to evolve and Airbnb, WeWork, all these companies were just starting to evolve and really gain traction. So, I think from our perspective, we saw the vision in terms of concierge type service when and where you want it, but we were probably, I guess hindsight 20/20, we were probably a couple years early, but having said that, those were the years that helped form the company, shape the company into what it is today.

Kristin: The value proposition I think has remained the same in terms of the convenience, the on-demand, as you said, the concierge premium service. How has the business model changed over that time? Did you start out of the gate, for example, with a focus on your franchisees, or how did you ... What was your vision for that maybe first 18 months and how did it evolve after that in terms of how you were going to get this service trusted and in front of the right people?

Chris: Yeah, I think really our initial vision, our initial focus anyway was that personal customer.

That person that wants to get a bike serviced at their home or at their office, and we really tried to focus on that. Quite frankly, we launched the first mobile bike shop in Vancouver, we hadn't decided if this was a franchise model or not. Really we wanted to get one shop on the road, we wanted to understand the business, we wanted to understand how our route optimization software was working and how we could change that.

Really in the beginning it was get one mobile shop on the road, it was deliver a premium, convenient experience, it was to truly understand what the customers were looking for. I think we had a great advantage because at the end of the day, David and I were the customer that we thought was out there. We really designed the business based on what we needed, or what we wanted. That's what started it off, and we launched one mobile shop in Vancouver and we really reached out to the community and our connections, and we asked people to try it, and it went from there.

It quickly gained ground. The word of mouth, which is still a big part of how we drive awareness to our business, gained massive traction in Vancouver. It really, very quickly we were booked solid and the business was taking off, and we put a second mobile shop in Victoria, B.C. So it's on Vancouver Island, we wanted to try to get a little bit of distance to make us work on our business model and our infrastructure. Then from

there, we really made the decision to franchise it out across Canada, and then after that we went down to the U.S. market.

Kristin: So, I have some questions because it sounds like what you did in your founding market in

terms of creating trust and creating relationships with that end consumer, it became I think the model of what you're hoping to provide across the country now. Obviously in North America, so I guess on the continent.

I'm curious to know, was it really...as you said, it was word of mouth, I'm sure people also saw the vans around and were like, "What's that all about?" Right? But then what were some of the other things that you think made it successful? Was it the actual relationships? Was it the person in the van who was ... Wasn't it your partner at the time, who was in the first van setting up the business?

Chris: Yeah. Boris not only was he in the first van as the mechanic, but he built the first van basically in a Home Depot parking lot. He was intimately involved in that first van, and then intimately involved in what the model looked like and how we interacted with the customers. I think really the success came from our very, very premium experience. He was a wonderful mechanic, but he was also great with people. One on one, going into bike shops can be very intimidating for people.

We create this one on one environment where you can come into the back of the van, there's wifi there, we offer you a coffee, so we really tried to create a premium experience. We tried to curate the best possible products we could. We became an educator, our clients really looked to us for direct advice and we tried to give them advice and create a long term, lifetime value for the customer. We weren't just trying to do one interaction and one transaction and charge as much as we could.

We really wanted to see that consumer three or four times a year. That was the early stages of what we were doing and what we were trying to accomplish, but the other big piece became the convenience factor. With our route optimization software, you put in your zip code or postal code in Canada and it brings up the time and dates we're in your neighborhood. What that does is it just eliminates windshield time, the mobile bike shop's in one area.

But really what happened was somebody could go on, use their smartphone or their desktop, and book an appointment for Thursday at 4:00 and the mobile bike shop was there at 4:00 on the Thursday, and their bike or bikes were tuned, done right there. Not only do you have the convenience of not having to go somewhere, you also never really lose your bike which in the current model from a traditional retail model, that can be three days, five days, two weeks in terms of you not having access to your bike.

I think those were really the key points that gained traction and made people very happy with the service and what we're doing.

Kristin: I have to ask a question. Obviously I think that there are a lot of IBD's that might think that they can start and build a solution like this, in terms of just getting a van and starting to service their local community with this. I'm curious to know, if we're looking

at major urban areas, and obviously you have, we're going to talk about some expansion plans that you have on the horizon, but what is it that would enable your Velofix franchise partners to be successful in a community with maybe it's a consistency thing, maybe it's as you said, the online scheduling and the infrastructure around the route optimization software?

What are the things that you guys built into the Velofix solution that really did come through for consumers and build that trust repeatedly for consumers? This is a really intimate product. I mean, you're coming to my house or my place of work, and you're servicing my bike, right? That's actually a pretty intimate play.

Chris: Yeah. I'll be honest with you, I mean, it really surprised us in terms of how intimate that was. That one on one experience and how much people have a passion for cycling and a passion for their bikes. Whether it was a road bike or a mountain bike or a triathlete or an electric bike, people truly, truly love their bikes and they want to trust somebody with it. For us, those early learnings of as I mentioned earlier, one on one, you're in an intimate environment, the mobile bike shop's only 100 square feet, you're looking to that mechanic for advice and as I said from day one, we really tried to, yes of course our business is based on labor rates and selling parts and accessories.

But we really tried to take the approach that this consumer, this customer is going to come back and they're going to be with us over time. That was the approach we took and that may be a point of differentiation, I'm not sure, but the cycling industry is growing. There's more people on bikes and I think we've always thought from day one that look, we are just a different way for somebody to get their bike serviced or for somebody to buy parts and accessories for their bike, or somebody going online and buying a bike and have us build it.

We coexist with traditional bike shops all across North America. We're at the same events, we're out supporting the same charity rides, we're in the community as well, and we've always taken the approach that yes, at the end of the day we are competing for that customer, but the more people that get on bikes, the more people that ride, everybody has an opportunity to win in that situation. For franchise partners, we get that question all the time and if you follow the program and you're in your community and you're engaged and you're getting back and you're networking and building your business, we believe that it doesn't matter how many traditional bike shops are there. You're going to get your share of the business and you're going to be able to grow your business and have a successful business at the end of the day.

Kristin: I totally agree with you. It really rings true to what we love to look at here, which is we hold up the North Star, which is the end consumer. What I love already about what you've been talking about here Chris, is you're talking about lifetime value of the customer. This is not just a one and done, if you will, right? One of the things we've been talking about a lot on the show in the past six months here in 2019, probably Q2 and Q3 primarily, is that I think the strong growth in last mile solutions, obviously I have a lot of brick and mortar retailers that are expanding and a lot of brands that are expanding and changing continually their channel strategy to just be the optimal experience for their target end consumer.

You're talking about things that I think maybe aren't as easy to grasp for a long time, wholesale based brand, or a brick and mortar retailer. Focusing on that lifetime value, I think as a startup, and with you guys being your own consumer from the get-go, you really have focused on like, "Here's how I would want to be treated," right? "This is what I would want." Because you're a competitive triathlete and cyclist. Who wants to have their bike be gone for one day, two days, three days? Or who has time really to order the parts in, on in time for an event, right? I totally hear where this came from but then I also think that was the center of the halo and I think a little expansion happened because of the way the consumer kept evolving over the past 5-6 years.

They really have grown to expect this on-demand service that they can trust, where they can hop online and book something and know that it's actually going to happen. I really do feel like you're absolutely right. You're getting more people to get their, maybe it's five or six bikes fixed in their garage while you come to their home, and that's more people cycling, right? I feel like it's a true fact and you're doing that successfully because you're focused on that end consumer and that experience that they have.

Chris:

Yeah, I think we've heard this many, many times and we launched in Vancouver, I personally experienced it. We had a lot of people book with us and had the mobile bike shop come to their home, and they had a flat tire. That may sound crazy or silly to some people, but getting your bike to a shop if you don't have a car, which a lot of our customers don't, don't have a bike rack which a lot of our customers don't, just getting your bike there to get fixed and serviced can be a challenge for some people.

Something as small as they have a flat tire, they don't own a pump and the bike sits in the garage, or it sits on their deck, or it sits in their condo. We had many, many of those experiences where somebody was, we made the process easier for them, less intimidating, and they got their bike fixed and they started riding again. Maybe they hadn't ridden for six months or a year or whatever it was, and those people fall back in love with cycling. Now they want to upgrade their bike, they want to upgrade their equipment, they want to upgrade their helmet, and once again, it's just a matter of getting more people on bikes and I think as I said earlier, everybody wins in that process.

But there's no question that there has been a massive shift, even in the time that we started this business, of what people expect in terms of service levels, the speed at which they expect things. Amazon Prime's a great example. I have a good friend of mine who lives in Seattle, and literally you get things within an hour. You can be sitting at your desk and you're going home, and need a couple bottles of wine delivered for dinner and it's there before you are.

The whole food delivery business, the evolution there, obviously I mentioned Uber and Lyft and things like that. The expectations of people have changed dramatically, and also in terms of how people educate themselves. You can go online and do all the due diligence you want on any triathlon bike or any mountain bike, and you can basically spend 20 minutes or 30 minutes and be able to dig through reviews and what's the best bike for the type of riding I want to do? And all those things, all that information is now more accessible to people.

The one piece that still is a challenge, which is what we solve is, you can do all the homework you want. You can buy the bike online, but there's still a lot of people that don't have the skillset or the time or the tools or the room to build their own bikes and to feel confident about building those bikes and then going on to ride it. What we do may not be the sexy piece of the business overall, but at the end of the day, it's always going to be needed. You talk about electric bikes and the movement of electric bikes, and those are just a great example of bikes that have all the same wear and tear issues of a traditional bike, but now you have an "engine" component that needs diagnostics, that needs to be checked.

What we're doing in terms of that service piece is we believe it's never going to go away. Where people buy things and how people get things I think will continue to evolve and change, but that service piece is always going to be there, and as I said, that's really what we focused on, and as the business evolves, then we started to get better at selling parts and accessories, and make the mobile bike shop more of a retail type of feel.

We have an endless aisle now so if you're in the van, we're working on your bike, you can buy a new helmet and we can have it shipped to your house. We're evolving all those things to become even more of a retail play, but at the end of the day, that service piece is always going to be there.

Kristin: I totally agree with you. It's like I would look to you if I trusted you for more things that I could solve, to make me have more time to ride. It totally makes sense. Can we dig in a little bit to your, I guess you'd call it an eCommerce development, or solution that you're looking into? Because obviously I think that's going to be really interesting for the people who tune into this podcast. I also feel like it's contained to bike right now, with what we're talking about, but the model itself I think is relevant to all of the markets that we serve and who tune into the show here.

Let's talk about that. If I'm in your van and you're servicing my bike, I'm having a coffee, I'm able to talk with you in a way that isn't intimidating and I have to tell you, I'm an avid cyclist and I still feel like I am intimidated going into some shops. That's really welcoming. I'm in there and I'm like, "Gosh," you know, I'm talking to my Velofix local technician, and I'm asking about sunglasses or I'm asking about the right tires for the ride I'm going to go do, or, "Hey, I only have a road helmet and I need a mountain bike helmet. What do you recommend?" How are you selecting brands to provide fulfillment through your vans?

Chris: Great question. I mean, I think the evolution for us has been really...we knew in the beginning that's where we wanted to get, but what happened is we went out and we really focused on the labor and the service piece and the van wasn't as retail friendly as it is today. But as we did that, more and more people would talk to Boris, talk to the mechanics, talk to our franchise partner mechanics as we grew the business and say, "Look, can you give me some advice on this? I'm looking for a new pair of shoes, I'm looking for a helmet. I want a new bike computer, what do you recommend?"

With 100 square feet, we're obviously limited in terms of what we can carry, but the vans all come stocked with an Oakley display. Most of our franchise partners will carry Garmin or other bike computers in there, power meters. All those things are in the van

and if we don't have it in the van, we can order it through one of our suppliers. But in the reality of our business model is, and I guess it can be perceived as positive and negative. The negative is yeah, we don't have 5,000 square feet to pile up a bunch of inventory. The positive is we don't have 5,000 square feet to pile up the inventory, so we run-

Kristin: I was just going to say that.

Chris: Yeah. We run very lean and our franchise partners and our mechanics do a very, very good job of having that right selection in the van. They get to know who their customers are, and they know what markets they're in, whether they're a little bit more mountain bike, or a little bit more road, or they've got a bigger triathlon customer base. We do a really good job of having the right products in the vans, and if we don't, and we don't typically have a lot of selection for helmets and shoes and things like that.

But we, at the end of the day, purchase our products with the exact same channels as all of the independent bike shops and the major retailers in North America, so we have access to all the same products. Once again, we can get that to the consumer whether we have it in the van, or we bring it back and deliver it, or we can have it shipped direct to their home. That's anything from a pair of shoes to a bike rack. That's what we've started focusing on more and more in our business, is having the right products, curating the right products, and once again, the great part of our business is we can't carry 37 different bar tapes in ours. We have to be a lot more specific in what we do.

But we find that our customers actually appreciate that, and we try to carry the best quality products out there and I found as a consumer in a lot of cases I get confused when there's too many options. I get a little overwhelmed, so to have a professional certified bike mechanic in a van say, "This is the bar tape I recommend. Do you want it in black or white?" That's really what we've focused on.

Kristin: That's awesome. Let's also talk about your relationship with Canyon Bicycles, because I have a feeling that was the first of what could be more. Maybe it's a formal partnership, or like how does that, what are the boundaries around that? I think that's a really interesting thing that I know a lot of people who are listening to this show, especially obviously in the bike community, are watching closely and have been watching closely. I think that Blair Clark's episode on the Channel Mastery Podcast was literally the most downloaded show. I think people were just super curious to hear what does this guy who we know and love, as a wholesale business leader, how is he going to lead this brand, Canyon Bicycles, a 20 year, trusted premiere brand, coming into the United States?

Obviously a lot of people already know about this, right? Tell me about how that partnership manifested and why that was a slam dunk for you guys, and how you hope to evolve it?

Chris: Yeah, well we met Roman Arnold who's the founder of Canyon at Interbike and Sea Otter

over the years, and he always came by and said hi and we talked about the business model and explained our position and the fact that we felt were a premium service. We

wanted to be at the higher end of the market and we wanted to work with premium brands. We thought, and have always admired Canyon and thought it was a premium brand and thought that when they did come to North America, we were a perfect partner.

Years ago, he was very polite and eloquent and just said, "Look, we want to work directly with our customers and I like what you're doing, but I don't think this is a potential partnership." Every year we talked to Roman and we went from 5 vans to 15 vans to 30 vans to 80 vans to 100 vans, and like a lot of things in life, talk is cheap. You have to prove yourself and you have to be sustainable and you have to build your reputation and I think we did that.

At the end of the day, Roman agreed to work with us and then Blair came onboard and I have a ton of respect for Blair and what he's done in the industry, and perfect guy to lead Canyon and the company, and the partnership is wonderful for us. Basically, it's very simple. When you're online buying your Canyon bike, at the end of the process you can either have that delivered to your front door, or you can have Velofix come deliver the bike, build it for you, give you some education on the bike, give you a quick fit on that bike, take all the packaging away at the end, and if you need any parts or accessories for that bike at that time, we can put it on for you and have it ready to ride.

We take it for a test ride, and when we leave, we are confident that that bike is in perfect running order and we use Net Promoter Score in our business. We live and die by it, it's critical for what we do, and our Net Promoter Score on Canyon delivers is only 98%. I think we've proven to them that we provide a great last mile solution. We also do warranty work for them. There's not much of it but whenever there's an issue in the field we do it, and also at the end of the day that consumer, they've made a choice when they've bought a Canyon bike.

They haven't gone into a traditional retail store to buy it. They're already thinking a little bit differently, so for us to come along and be their service provider after that purchase, it's just a natural fit. We know the people that buy Canyon bikes are great customers of ours, whether it's a mountain bike, a road bike, or a triathlon bike. It's been a great partnership. We work with 20+ other brands and provide last mile service and build.

There's a whole evolution coming here that we haven't spoken about yet, but you're starting to see so many manufacturers that aren't and have not been in our space before, that are coming to play.

I'm talking about General Motors and Yamaha and Cake and Fuell and Harley Davidson. All of these companies are coming with e-bikes and they're in most cases, a direct to consumer model. They're going to need a service provider, they're going to need a warranty partner, and we see ourselves as that for potentially some of these brands as well.

Kristin: I'm so glad you brought that up. You're challenging me to think bigger and I appreciate that, because what I was going to ask you about, I was obviously reading up a lot on your company and the coverage that it's had in the business press, and one of our home business providers, which is Bicycle Retailer & Industry News, and that's a co-producer

of this podcast, reported that you guys are receiving between 30 and 40 requests a month from bike brands looking for last mile fulfillment, which is awesome.

Can you give us a little bit of context on that? How old is that statistic? Have you seen it grow? And then, are you already in touch with some of these broader e-bike future providers?

Chris: Yeah, so I would say that number's still fairly accurate. I think at the end of the day, as I mentioned with these brands, and yes, we've been in discussions with many different brands, about the service we provide. But at the end of the day, there's just a tremendous movement to mobility. And when I say mobility, it's everything from somebody on a traditional road bike to electric scooters, e-bikes has obviously been a huge driver of this as well, but there's just a shift happening, and people are using bikes now in North America, I'd say more for commuting.

Where as you know in Europe, that's where the most people are on bikes are using it to get around, and I've seen a massive shift even in the 6+ years that we've been around doing this, of people that are now using bikes to commute and get somewhere. They're not getting into cars anymore for a lot of different reasons. This shift is happening, more and more companies are getting into the space, and as I said earlier, most of those new companies, they've got no track record or relationships or histories of selling the product through a traditional IBD, so they need other solutions.

The challenge becomes what I mentioned earlier is somebody can go online and buy a new bike. They may not feel comfortable building it, and in most cases they don't feel comfortable maintaining it and servicing it. Brands that are coming to market that don't have traditional partners out in the field need Velofix at the end of the day, to build those bikes, do warranty works for those bikes, and then ongoing service.

Because I think you need to give the consumer confidence that, "I can go buy this bike online, but anything I need after that, there's a solution for me." We haven't seen that flow slow down and I don't think it is going to slow down. I think if you're a manufacturer in today's world, and I don't care if you're selling running shoes or t-shirts or bikes, you have to have your product available in a multitude of places if you're going to be successful.

And that's traditional brick and mortar, that's online, that's maybe non-traditional brick and mortar that you haven't sold to in the past, and once again, at the end of the day we truly believe that in the bike space, that service piece is always going to be there and that's where we're focused our energy and our time, and that's where we're going to continue to focus our energy and our time, and mobility is, this is just starting. I mean, the flow is just, it's just been crazy to me, the amount of brands that are getting into the bike space.

Kristin: It is super exciting. One thing that I'd love to touch on, and I think this is a focus area for you guys, is the actual, you know how you're talking about service so much as your main point of differentiation, that obviously is a human to human interaction. I mean, there's the service that I get when I'm booking the appointment, and the follow-up that you're

doing to make sure that I'm getting check ups that I need et cetera. But let's talk a little bit about how you're investing in your people, your frontline people.

I also would love for you to chat a little bit about how you're expanding into your corporate fleet, because I know these things go hand-in-hand, but if you could talk about those two facets, I think that's also a key differentiator to the Velofix brand, and the actual lifetime value of the customer. Because you're really investing in a place that I think that honestly part of the reason that wholesale is declining in some cases, the non-remarkable brick and mortar retailers primarily, is because they've almost through the process of engineering their profit, they've really not invested in their people.

I feel like something that you're doing that really stands out is not only are you offering this convenience, but you're making sure that you have exceptional people delivering this service and doing the follow-up. You really are focusing on that human to human component which is so key to specialty.

Yeah, there's a few points to that. As I mentioned earlier, we use Net Promoter Score, and we get those results every Sunday. We get the Net Promoter Score, we also get the testimonials and we use that. Both positive and negative. Our overall system wide Net Promoter Score is over 96% which is just an unbelievably high number. This is a metric that's used by many Fortune 500 type companies, Apple, Costco, brands like that.

At the end of the day, it's our franchise partners. We've got wonderful franchise partners. Our franchise partners are either the mechanic that is in the mobile bike shop, or our franchise partners that we call investors, that hire mechanics, hire general managers to run their business. At the end of the day, we can sit in our office in Vancouver or Austin and do great work and try to build a great brand, but if our franchise partners aren't executing, delivering that high level of service, then none of it works.

Really, we've only launched two corporate trucks at this point in time, in Austin, Texas. All the success is driven by our franchise partners and they know how critical it is. They understand how important it is to have a good reputation in their community. They know how important it is to have a repeat customer. Our business today, our number one source of revenue today in 2019 is a repeat customer, and our number two is from the referral. Number three is they saw the van.

So, when we look at our business and how it drives, our franchise partners know and our mechanics know that they have to give a great experience and a great service because that person's A, going to come back, and B, they're going to tell their friends. It's something we've worked on and we've tried to provide best in class experiences and practices for our franchise partners, but really they've executed. At the end of the day, for our mechanics in the mobile bike shops, I think one of the reasons our Net Promoter Score is so high is it's just a new experience for a lot of mechanics.

They're out driving around a beautiful Sprinter van. They're meeting clients face-to-face, they're in driveways, the doors are open, they've got fresh air. They're at events, we do a lot of corporate work with a lot of great corporate clients like Microsoft and Google and Snapchat. They get to be one on one and they get to meet a lot of great people, and

I think for a lot of mechanics, that's huge. That's what they love. They see the value add that we're doing, so it works both ways.

Chris: It's something we live and die by from a head office perspective, but our franchise partners have done an incredible job with our brand and our reputation and they know how important it is, too.

Kristin: Are you continuing to up level the training that you're providing quarter by quarter or possibly providing them with reasons to get back in front of their consumers that they're serving? What are some of the things that you're providing to them that enable them to be motivated to be successful and be able to focus on the things that are really mattering, that you're seeing maybe on the other side?

Chris: Yeah, that for us is critical. We've never taken on a substantial investment in the history of the company. We have two angel investors who came very, very early in the process. Charles Chang from Lyra Growth, and we had one mobile truck when he invested, and Jim Treliving who is on Dragon's Den in Canada which is what Shark Tank came from essentially.

I think we had five or six mobile bike shops when he invested, so we're really building the business organically and internally and earlier this year we took on a pretty significant funding from NKB and that's really allowed us to build out our team, build out our infrastructure. Obviously open an office down here, so that is a critical piece of what we're doing going forward. Ongoing training, best practices, how we can support our franchise partners and make sure that they've got all the support they need.

That's ongoing, but once again, we clearly understand the value of that and how important it is, and in today's world with social media and how fast things move, you just can't afford to run your business and now look after your clients. The world's too small, the message gets out too fast, and as I said earlier, I mean we have our franchise partners to thank. They've absolutely [inaudible 00:38:07] done an amazing job for us.

Kristin: It's interesting, since we've started working together, I've asked a lot of people just in my

network and frankly in my family if they've heard of Velofix and how they heard of Velofix, and they've seen the vans, the ones that are in major cities. It makes sense, if you could talk a little bit about the funding that you're going to be pointing toward the corporate fleet, it really seems to be clicking in terms of like we're going to bring that experience to more people through our corporate vans, right? That's going to really raise the level of demand for everybody, because ultimately you're going to be in front of more people and really this is the type of service that you actually have such a great experience that you take the time to go online and rate it, because it was such a time saver.

And frankly, such a cool discovery that you want to share it with friends, so can you talk a little bit about your vision behind the corporate fleet? Because ultimately I think that is such a powerful a play in terms of being able to really elevate the experience and just provide more points of entry.

Chris: For sure. But I think from our perspective anyway, the corporate fleet is going to enhance the franchise partner system and the franchise partner system is going to enhance the corporate fleet. The reality is the more mobile shops we have on the road, the more coverage we have, just gives us so many more opportunities than we have today. Really from our perspective, the corporate mobile shops are going to go in locations where we don't have franchise partners.

We're going to get our network built out, it's going to give us, as I said, it's going to give us more awareness, it's going to give us more buying power with our suppliers. It's going to allow us to do different things from a media perspective. Really, at the end of the day, when you look at how many traditional retailers are out there today and where we're going, we've got big growth plans and really I think at the end of the day the franchise partners and the corporate locations are going to work hand-in-hand and it's going to drive the growth and from our perspective anyway, it's critical that we continue to do both of those very well.

But we think it's a win/win and as I said earlier, for us to go out and say down the road when we have 300 locations, when you talk to bike manufacturers and when you talk to potential partners, it's all about scale and accessibility and essentially how many zip codes you cover. For us, that's a big part of our growth plans here is to get more mobile shops on the road, do it efficiently, do it properly, but really to grow this network at a pretty rapid rate.

Kristin: That's super exciting. Do you have anything that you can maybe tip your hand about in terms of partnerships that are in development? Obviously we've talked about Canyon, we've talked about some prospective e-bike companies, and it sounds like a lot of them are in the motorcycle space today, and are expanding into e-bikes obviously. I think you've got some partnerships with some corporate entities where they have large campuses and your franchise partners will go service those campuses, which is another fantastic idea.

What a great time saver. But any other partnerships that you can talk about, just as we're seeing this craze and growth of mobility? Especially in urban areas. I think that has a lot to do with demographics, but also just it's a forced hand, right? Like, we have to figure out ways to get around cities more conveniently, so anything you want to talk about in terms of partnerships that you might see on the horizon? Even if it's just ballparking it, not naming names.

Chris: Yeah, I think from a corporate perspective, it's been very exciting for us because everything from delivering and building bikes on big campuses to ongoing fleet maintenance, so you've got the corporate customer, you've got hotel chains, we work with police forces, we work with, in some places we work with bike share. Anywhere where you're starting to see this influx of bikes, the challenge to get those service for these companies is a big challenge. Imagine you're running a hotel and you've got 20 bikes at your desk that you can get on and ride. Being able to keep those serviced and maintained on a regular basis.

All of that corporate work's been fantastic for us and it's something we continue to focus on. Yeah, we've got a lot of announcements I'm hoping are going to come before

the end of the year here. I always get in trouble when I speak ahead of these things getting signed and done, so I'm going to keep my mouth shut on who they are, but it's I'd say a combination of what I'd call traditional bike manufacturers and then I think you're going to see a big movement here with non-traditional bike manufacturers that are entering the e-bike space.

These brands are, these are in some cases multibillion dollar brands that have leverage, have marketing ability and have a massive customer base when you look at who's already driving their cars and who's already riding their bikes. Yeah, we're excited. I mean, at the end of the day, mobility and what that looks like is changing every day. Every city I go to, I'm in Austin right now, I'm from Vancouver, there's people on bikes everywhere. There's more and more bike lanes, and I think this movement of people getting in a car is just starting to happen, and it's going to start moving really, really fast.

As I said earlier, for us it's build out our infrastructure, get more mobile bike shops on the road, continue to be consistent and provide a premium experience and right now we think we're very well positioned and if you want to give it a bike metaphor, the tailwinds are very, very strong. The service piece will always be a necessity, and I think right now we're the best positioned company to do that in North America.

Kristin: That is super exciting and one of the things I love most about what you said Chris is the fact that, as you talk about mobility and the opportunity there, to me that means more inclusiveness in terms of who can raise their hands and join the cycling tribe, you know what I mean? We talk about that so much because ultimately as the industry continues to change, there's more and more people coming in. They just don't look the same as the old consumers that we're used to serving. I feel like you're a really great portal to show us around who this new person is, and I know you're also the more vans that you have on the ground, the more data will be available, and I think there will be more of a proof of concept there.

You're really an important part of this movement to bring more people into the cycling community, no matter what they look like, what they ride, or why they ride.

Chris: Well, it's funny you say that. We've always joked internally that, and we've always really focused on being Switzerland. We use that term internally a lot and basically that means we don't care if you're on an electric bike or a mountain bike or a road bike, or you're a triathlete. We welcome all of those customers and consumers, and I think the one thing, when you talk about e-bikes specifically, is you're seeing this massive spread of who that person is riding the e-bike. It is literally somebody graduating university and not having enough money for a car, or quite frankly not wanting to drive a car, and they need another mode of transportation.

To my parents, who are 80 years old and haven't been on a bike for 20 years, who are now rolling around on their e-bike for an hour or two every day, and couldn't be more happy or excited. That widespread customer base of who's on electric bikes is so cool to see because it's just such a wide spectrum. And quite frankly, a lot of those people, they don't know where to buy bikes. They don't know where to get them serviced, so we think if we can position as that value add and that service provider to them, it's a win/win. But it's been really cool to see.

I mean, as you said, I think at the end of the day, the more people that get on bike, everybody in the industry wins. If you're a traditional brick and mortar store and you're doing a good job, you're going to survive and you're going to do well. For us at Velofix, it's the same thing. The more people that are rolling around, we all have an opportunity to win that.

Kristin: Absolutely. I have to say, I've said this to you probably three or four times now, I really think this is one of the best franchise opportunities out there. I'm not kidding you. I literally am like, okay, my son is almost 18. Has no idea if he's going to go the path of a traditional four year university. This is the perfect, perfect business, I think, just because it ties together passion and so much opportunity and I just really have to high five you. You guys have really positioned yourself as a fantastic growth portal at this time, and I'm super excited that Verde's along for the ride. So, let's go do this.

Chris: Yeah. I appreciate it. It's been a fun ride and it's great to work with you as well, and try to drive awareness for what we do and what the brand is, and from a franchise perspective, or a franchisee perspective. At the end of the day, I think people are looking at things differently now in the world and there's a passion to cycling and the bike business and all of our franchise partners have that passion. That's what connects them. I don't think we have any franchise partners that were out actively looking to buy a franchise. What happened was they saw us at an event, they used us, they were a customer or their brother used us, or their cousin used us or somebody told them about Velofix, and they quickly got it.

You don't need to really explain in too much detail. It's like, "Oh, I get it. It makes total sense with the way things are going in the world and the way business is shifting. This business model makes sense." There's a romance to it and there's a passion to it and then at the end of the day, it's a legitimate business model that you can grow. If you're a mechanic that either left the industry or you're working in the industry, and you want to own your own business, it's a great opportunity. And from a business perspective, or an investor perspective, it's an opportunity where you can put multiple mobile shops on the road and have a legitimate, profitable business.

Kristin: And we'll put the link to your overview for the potential franchise partners in the show notes, but tell us where everybody can learn more about you? I want to give a quick plug to Chris does a great job on LinkedIn, so check out his LinkedIn profile there, but also, it's Velofix.com. Is there anything else that you guys, that you'd like to have me share with the audience here today?

Chris: No, no. I think we covered everything. As I said, we're really proud of what we've built. We've got a fantastic team. David, Boris, and I have been doing this from day one, but we've been lucky and I'd say we've been good to build out a fantastic team at head office level. We've got great franchise partners who are passionate and believe in what we're doing, and believe in looking after the consumer, and with that and the corporate trucks we're going to roll out, we're just going to continue to focus on providing a premium consistent system every time, and we're excited. We really feel like we're just getting going here, and as I said, with the shift in mobility and the way things are changing, we just think we're in the right place at the right time and we're excited about the future.

Kristin: I can't wait to see how it unfolds, and I'm sure as things develop and they will be developing quickly, we'll have you back on the show to report in, but thank you so, so much for your time today, Chris. It's been just awesome to have you on the show.

Chris: Thanks for having me. Great to talk to you.