

Hed Cycling: Getting out of the comfort zone

A pioneer of solid disc bicycle wheels, Hed Cycling designs and manufactures high-end cycling equipment. Launched in 1985, the Shoreview, Minn.-based company today has about 45 employees and generates more than \$8 million in annual revenue. It entered the Hennepin-Carver-Anoka-Ramsey-Scott Economic Gardening Program in fall 2013, which gave it access to the National Center for Economic Gardening's (NCEG) National Strategic Research Team (NSRT), quarterly CEO forums and a PeerSpectives roundtable.

Prior to entering the Economic Gardening® program, Hed Cycling had been in a growth stall. This was partly due to losing a large contract in 2012 when the customer, a bicycle manufacturer, took its business to Asia. Happily, in October 2013 Hed Cycling experienced a reversal of fortune: Two other manufacturers wanted to spec its wheels as original equipment, which put the firm's revenue back on track. "Yet we wanted to take steps to prevent a setback like that from happening again, and the NSRT has been instrumental in helping us be more strategic," says CFO Anne Hed, who co-founded the company with her husband, Steve.



Anne Hed, co-founder of Hed Cycling in Shoreview, Minn.

One of the first things the research team did was help Hed understand and refine her business model. Hed Cycling is primarily an innovator with a low-volume, high-profit niche, selling the majority of product to retail stores either directly or through distributors. "It's okay for us to take on OEM customers; however, we need to resist the temptation to lower prices too much to win large orders — otherwise we risk becoming a commodity," Hed says.

The NSRT also looked at Hed Cycling's U.S. sales (60 percent of the company's business), and benchmarked it against competitors. As a result, Hed is rethinking marketing efforts and looking at different ways to reach out to customers, including beefing up social media.

Equally beneficial has been participating in a PeerSpectives roundtable with other second-stage business leaders. Hed credits her fellow roundtable members for strengthening her business acumen. "They've pushed me to read books I never would have picked up on my own," she says. Among these was "StrengthsFinders," which Hed has found particularly insightful. In fact, she has hired a consultant to administer the assessment to a dozen of her key employees, which she believes will improve communications and information flow.

In addition, the roundtable has altered Hed's business perspective. "When you have your own business,

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there's a lot of stress," she explains. "Talking with other business owners and hearing their experiences has made me see stress in a more positive light. This is what I want to be doing — the ups and downs are normal; it's part of owning your business. It's also comforting to see that many of my challenges aren't as great as others."

Since Hed started the Economic Gardening program in October, she's added seven employees. In addition, the company is expanding its physical footprint, buying a 25,000-square-foot building. The company had been renting half of that space, and the extra elbowroom will enable Hed Cycling to prepare for future growth and expand into more product lines.

"I'm more invigorated about growing the business than I used to be," Hed says. "I had gotten complacent, and as a business owner, complacency is not a good place to be in. Participating in the Economic Gardening program has given me the confidence to get out of my comfort zone and go for it. If we stay on task, we can double our business in five years."



The National Center for Economic Gardening is a partnership between the Edward Lowe Foundation and Chris Gibbons. NCEG delivers Economic Gardening services and maintains national standards in training and certification for both regional and state networks. For more info, visit www.edwardlowe.org.

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