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**REINVENTING THE WHEEL:
The Science of Creating Lifetime Customers**
by Chris Zane

At an age when most kids are playing video games, learning to drive, doing homework and squeezing in sports practice, Chris Zane had already started a business.

At 12-years-old, he was raking in a few hundred dollars a week fixing bikes. When his father suggested he could get wholesale parts cheaper with a tax identification number, he filed for one. And just four short years later, at age 16, he arranged a loan with his grandfather to buy a neighborhood bike shop. Today, Zane's Cycles has *annual revenues in excess of \$15 million and an annual growth rate of almost 24 percent.*

In his first book, **REINVENTING THE WHEEL: The Science of Creating Lifetime Customers** (BenBella Books; hardcover; March 1, 2011), Zane shares the business philosophy that put him on the map and took Zane's Cycles from a small, teenage dream to a multi-million dollar business. The secret, Zane reveals, is extraordinary customer service and the ability to *over-exceed* customers' expectations – with services including a lifetime free service guarantee; a custom coffee bar, where cyclists can share stories of their rides over a cup of cappuccino on the house; parts under a dollar for free; full refunds with no questions asked, regardless of the age of the bike; free flat tire fixing service; and a trade-in program for children's bikes that have been outgrown. The result is *lifetime customers*, with each customer valued at \$12,500 to the company.

These truly revolutionary services are what gained Zane's Cycles its fanatical following and catapulted Chris Zane into national recognition – in an American Express commercial, featuring successful entrepreneurs, and on the stage, keynoting for businesses and industries hoping to make customer service their hallmark.

“If you can shift your thinking away from merely selling and into building trust instead, even if it costs you a few bucks in profit,” writes Zane, “you’ll begin to see opportunities you never imagined once you understand what it means to ‘wow’ that customer by giving them more than they expected.”

It's this thinking that has kept Zane's Cycles doors open for nearly 30 years and what keeps customers returning, again and again. And since he started as a teenager, Zane has had the pleasure of selling bikes to the children AND grandchildren of his original customers. Here are a few of his methods for building valuable lifetime relationships:

- In this virtual age, when so many transactions happen without a human being involved at all, the key is to find an emotional connection between your customer and a live salesperson, who takes the time to listen to the customer's concerns and need.
- End nickel and diming. We don't charge for any part that costs \$1 or less. It shows we aren't interested in writing every last penny from our customers.
- Walk the Walk. A customer came in with a 6-year-old bike, demanding a full refund. Zane's happily honored the unconditional return policy, despite the obvious wear and tear and use of the bike. The customer ended up applying the refund to a much more costly bike.
- Trade in, Trade up. The kid's bike program, which allowed parents to return an outgrown bike and apply the full amount to a new one, ended up in few returns but lots of repeat purchases for larger bikes. When Zane's asked why, customers told them the original bikes were such high quality, they were worth handing down to younger siblings, relatives or friends. End result? Zane sells two kids bikes, the old one and a new larger one.

- Trust. Zane's hands over its bikes to anyone who wants a test drive, without requiring a driver's license or any collateral, as a way of saying "we trust you." Average lost bikes per year: only six.

But Zane's customer service isn't limited to just retail customers. In 1992, while other bike shops remained focused solely on selling to customers in-store, Chris put his mind toward creating a new business model that would take the company to a new level and plunged into the Special Markets business – providing bikes to rewards programs run by major corporations. If, for instance, you accumulate enough points on your American Express Card or with Marriott Hotel stays, you may redeem those points for premium products. If that product happens to be a bicycle, Zane's Cycles supplies it. With partners including **American Express, Marriott, Tropicana, General Mills** and hundreds of others, Zane's ships approximately 40,000 bikes across the country each year to customers cashing in reward points. Further, they service those customers in a way that reflects well on the company whose points paid for it – including communicating with the bike recipient to find out their intended use for the bike, their height, inseam and other measurements that ensure the bike they get will be the right fit. When the bike arrives in a box, with front wheel and pedals removed, they provide not only written instructions, but access to an online tutorial that allows riders to watch Zane himself perform the reassembly. If that *still* isn't enough, Zane's will get on the phone and walk the new rider through the process. Neighborhood bike shops benefit too – a bike sent to Portland can't be serviced by Connecticut-based Zane's, so the company is happy to refer them to a shop near their home that can provide service and any accessories needed to ensure a safe ride.

In addition to serving his customers, both retail and corporate, Zane has become a responsible and involved member of the community – from sponsoring rides and community events, to providing children's helmets at cost (of course, emblazoned with a Zane's sticker) via the local PTAs, when helmet laws went into effect. Zane's Cycles routinely hands out free bike locks at the Yale University campus when school begins in the fall, and they fund scholarships for local high school students by collecting money in bubble gum machines installed around town.

Further, Zane's store is powered by solar panels and a wind turbine, and rather than ending it there, Zane provides a real-time internet feed – accessible in schools – which shows how generated power is put to use. If students want a firsthand look, Zane offers tours for school kids to see an environmentally sustainable building at work. All of these efforts – from doing the right thing through excellent customer

service to creating an environmentally sound building – are what keeps Zane’s Cycles at the top of its industry as one of the top three largest retail bike stores in the nation.

While Zane keeps his eye on the economy and mulls plans to take his single store national with more locations, he keeps in mind the practices that helped him build his childhood dream into a national presence. “My goal in writing this book,” says Zane, “is to show you, the reader, that no matter what kind of business you run, you should be in the relationship-building and experience-selling business, because that is how you will find the greatest success.”

REINVENTING THE WHEEL is an inspiring and instructive look at how one boy’s passion created a lifetime of reward – for him, his employees, his customers and the community.

**REINVENTING THE WHEEL:
The Science of Creating Lifetime Customers**

By Chris Zane

BenBella Books

Hardcover, 240 pages, \$24.95

ISBN-10: 1935618156

ISBN-13: 978-1935618157

Publication Date: March 1, 2011

About the Author

At age 45, Chris Zane is already a 29-year veteran of the retail bicycle industry. His story includes getting a state tax ID number at age 12, buying his first bike shop at age 16 and before he reached the age of 30, built Zane's Cycles into largest bicycle shop in Connecticut. Today, with only one location, Zane's Cycles is one of the largest retail bicycle stores in the nation.

Zane's unique approach to marketing includes strategies such as continual learning, the lifetime value of a customer, guerrilla marketing, bootstrapping, community-relations, cost-controlled customer service, and image branding. Zane has positioned himself at the forefront of the industry by continuously setting standards in customer loyalty and creative marketing. Since 1985, he has been accumulating awards such as: the BBB Award of Recognition for Customer Service/Outstanding Business Practices; he was voted one of "the 30 most influential people in the bicycle industry"; North America's Best Bicycle Retailer, *North American Bicyclist Magazine*; Mass Mutual Blue Chip Enterprise Initiative Award; 2006 Customer First Award, *Fast Company Magazine* and the 2006 Connecticut Retailer of the year. Zane's Cycles currently holds the status of Trek Bicycle Co.'s largest dealer worldwide. Most recently, Chris was inducted into the Junior Achievement Business Leader Hall of Fame, named the 2008 Customer Champion, *1to1 Magazine* and the 2009 CT Climate Change Leadership Award.

Zane's cutting-edge marketing techniques have been used as case studies in over a dozen college text books worldwide and has been the subject of several articles in publications such as *Harvard Business Review*, *The New York Times*, *The Wall Street Journal*, *Inc. Magazine*, *Fortune Magazine*, as well as being profiled in *Alpha Dogs*, a Harper Collins best seller by Donna Fenn. Zane is frequently featured on WCBS's, "The Wall Street Journal's Small Business Report" with Joe Connolly.

Zane is a sought after speaker who has presented to individual companies as well as at numerous conferences; Yale University's Business and Economic Forum; Quis 9 International Marketing Symposium; The Conference Board; Inc's Annual Growing the Company Conference; Inc's Annual CEO Symposium; WCBS Newsradio 88 Business Breakfast Forum; and was the highest rated speaker at ASU's Compete Through Services Symposium.

Chris is currently a board member of The Sachem Bank (io) and ASU's, The Center for Services Leadership. Chris has served as Quinnipiac University's, Entrepreneur in Residence.

REINVENTING THE WHEEL is Chris' first book.

Advance praise for **REINVENTING THE WHEEL**

“Chris’ practical approach for balancing the art and science of service delivers exceptional customer experience. This book is a must read for anyone seeking to maximize the value of lifelong customer relationships.”

-Cody Phipps, President and COO, United Stationers Inc.

“Chris Zane’s **REINVENTING THE WHEEL** provides insights, proven practices and anecdotal customer experience vignettes that demonstrate success by having a relentless focus on the “Lifetime Value of the Customer.” With an ever increasing competitive market, where products and services are easily commoditized, Chris offers pragmatic approaches to consistently providing the best customer service experience resulting in improved loyalty & brand recognition.”

-Joe M. Shaheen, Director-General Manager, The Boeing Service Company

“**REINVENTING THE WHEEL** is a must read... from a genuine, real-life, world-class entrepreneur... who “hugs” and embraces each customer and turns each one into a client for LIFE! And Chris openly shares all his secrets of success... I love his stories... A gem in every one of them! Anyone who believes that customer service is central to their business culture needs to read this book!”

-Jack Mitchell, President, Mitchells/Richards/Marsh and author of *Hug Your Customers*

“The first time I heard Chris Zane speak about customer service and creating lifetime customers, it changed my thinking forever. Get ready for a similar experience as you read this book.”

-Steve Church, Senior Vice President, Chief Business Development and Process Officer, Avnet, Inc.

“Blend an unrivaled entrepreneurial spirit, a passion for delivering quality service, a highly creative mind, and a big dose of ‘street smarts,’ and what you get is Chris Zane. **REINVENTING THE WHEEL** is a marvelous book that will teach you and inspire you.”

- Leonard Berry, marketing professor and author of *Management Lessons from Mayo Clinic*

“Chris Zane’s bold – and practical – approach to cultivating lifetime customers holds valuable lessons for businesses large and small. Through a series of engaging stories, Chris shares his recipe for experiences that offer more than what customers expect. And he shows us how to build deep emotional bonds – even in the face of material price premiums. A fascinating read and an excellent testament to the power of customer centricity and unconditional service guarantees!”

-Julie Moll, SVP, Global Brand Strategy and Research, Marriott International

“After reading **REINVENTING THE WHEEL**, one thing is crystal clear: I would hate to compete with Chris Zane (or Zane’s Cycles) as he is (they are) creating customers for life! Why would a customer go anywhere else?”

-Robert Zollars, Chairman & CEO, Vocera Communications, Inc.

“**REINVENTING THE WHEEL** is an inspirational story of how to look beyond the horizon of instant rewards in order to plant the seeds of deep brand loyalty and customer lifetime relationships.”

-Kim Gravell, VP, Innovation & Strategy Management, Cardinal Health Supply Solutions

An interview with Chris Zane,
author of **REINVENTING THE WHEEL**

Q. You started your business at an incredibly young age. While most 16-year-olds are figuring out how to get their homework done, get their parents off their back or master the latest video games, you were buying a store! What made you so different?

A: I started fixing bikes when I was about 12, fixing flats, tinkering with gears. When I found out that wholesalers sold parts and accessories for about half of what I had to pay at retail, my Dad told me that I could start a business, apply for a tax I.D. number, and get the wholesale price. I applied, and started making several hundred a week. Not bad for a kid. I guess that planted the entrepreneurial seed. When the local bike shop went up for sale, I was literally compelled to figure out a way to buy it. My grandfather seeded me the money (today he would be considered an angel investor) – which, by the way, I paid back with interest. It's been an amazing adventure since.

Q: You did have one notable failure when you tried to turn the bike store into a general outdoor recreation store. Can you tell us what happened and how you rebounded?

A: That was one of many, but certainly the one that changed the game. I made the classic beginner's mistake. The bike business was going well, so I assumed I could sell anything. I decided that outdoor gear – tents, sleeping bags, camping equipment – were a good fit. What I didn't do was figure out the market and in 10 weeks, I lost over \$100k and had virtually driven myself out of business. I decided it was over and held a big outdoor sale to get rid of the inventory. When all was said and done, the revenue paid off my vendors, and I had enough to start the process all over again. So I plunked it down and started over. It was a great lesson: you can't tell the customer what they want, the customer tells you what they want and that's an offering that caters to their needs in a trusting long-term relationship. It taught me the value of truly understanding your customer.

Q: Extraordinary customer service is what your customers have come to expect. How do you keep improving on that promise?

A: It's actually pretty easy. We listen to them, we ask them questions, we cater to their needs, and we make our store a part of the community where they live. For instance, when we realized that our kid's bike sales were diminishing, going to the big box retailers because of price, we started a buy-back program. You buy your child a bike at Zane's, and when they outgrow it, you get the full price of the bike back to apply toward the next bike. It worked. And it had an unexpected consequence. Our biggest concern was what we would do with the returned bikes since we don't sell used bikes at Zane's. We decided we would donate them to charity. What we found is we only got about 20 percent of the bikes back, not the 100 percent you'd expect. Turns out that our high quality bikes were in such good shape that instead of returning them, people passed them down to the next child, relative, or neighbor, while still coming to us for their kid's next bike. These kinds of programs are the lifeblood of what we do.

Q: You show an extraordinary level of trust in people – for instance, you allow expensive bikes to be taken out for test drives without so much as a driver's license or credit card left behind as insurance the driver will return. How can you do that?

A: I came to the realization early on that most people can be trusted. We lose five or six bikes a year by letting people take them out for a test spin. I don't believe it reasonable to distrust thousands of customers because of a few knuckleheads. To me, that's not a high price to pay for a policy that says to people, "Here you go, take it out for a ride, we believe you'll bring it back." It's an easy way to create a trusting relationship that will last a lifetime. Assuming the best about people has very rarely burned me, and I make it a policy not to give in to the skepticism that seems so rampant in business today.

Q: You made the leap from selling bikes in a single location to supplying them for large national corporations. Can you talk about how you made the transition?

A: I got interested in corporate reward programs when Trek (we're the largest supplier of Trek bikes in the world) did a national give away with Volkswagen, where anyone who purchased a certain car got a Trek bike. I tried but failed to get that deal, but it did awaken the interest in me to become a supplier for these premium programs. We were able to convince General Mills to deliver bikes to grocery stores that ordered a certain amount of cereal and supply Tropicana which offered bikes in a "Juicy Rewards" program, where customers collected thousands of UPC codes and traded them in for a reward bike. But the real breakthrough came when I began attending trade shows that targeted the Special Markets industry. As luck would have it, a guy named George Kling, whom I recognized from a few such shows struck up a conversation with me. Turned out he lived in Branford, where our store is, and his grandson bought a bike from us. He wanted me to hire him as a consultant to break us into this market. After initially declining (okay, repeatedly declining over the course of several years), I hired George and he broke us into the special markets in a big way.

Q: Biking has undergone a big upsurge in popularity in recent times, with Lance Armstrong probably leading the charge with his multi wins in the Tour De France. Has it affected your business?

A: The bike fever that hit the U.S. with Lance has affected every bike shop in the country. And it certainly affected ours. People wanted bikes like Lance rode, complete with all the bells and whistles. And because Lance has only ridden Trek bikes, and we're the company's biggest suppliers, we definitely benefited from the increase in popularity in cycling. The interesting thing is that the enthusiasm is outlasting Lance's extraordinary career. People are more active and see cycling as a way to stay fit and a way to protect the environment by using a mode of transportation that doesn't pollute.

Q: Where do you see your business in five years? Ten? Is there an endgame for you or is this your life's work?

A: Zane's Cycles is my life's work. I have spent more than 30 years there, and I can't imagine life without it. My job now is to focus completely on growth and on where Zane's is going next. Now that I have empowered individuals within my organization to oversee and run our retail, special markets and operational divisions, I am free to focus on the next big opportunity for us. It undoubtedly lies in opening other outlets. That's something I am in the process of exploring. But for now, I'm just enjoying the amazing ride that running Zane's with my incredible team provides.