



Transcript for Episode Six: F.K. Day

Phil Latz: F.K. Day, thanks very much for coming on *Influencers!*

FK Day: I appreciate that Phil, great to see you.

Phil: Indeed. It's been a long time. We're going to cover two areas that you're involved with cycling. The first of those is a little company called SRAM, but let's just go right back to the start. What were you actually doing before SRAM began?

FK: God, Phil, you started off with a hard question that was so many years ago that-- [laughs] I'm not exactly sure. No, I was trying to get another company or two up and running, but Stan and I had always dreamed of going into business together. We had thought of a bunch of different ideas we wanted to start.

He was a weekend triathlete and I was a weekend mountain biker and we were living together and he came back from a ride one day and he goes, "F.K., God, I am going to get killed out there on the Chicago roads, if I keep practicing out there and I have to reach down to the down tube to shift my gears." He goes, "We need to figure out a way to put the shifting right up on the handlebars." That was the seed of the idea. From that became GripShift. From that came a lot of shifters and derailleurs and brakes and all that.

Phil: I've had the privilege of visiting your factories in Taiwan a few times over the years. Somewhere along the line, I saw a photo of you and Stan stripped down to your shorts and no shirts even, so basically building a factory or building workshop benches or something. Can you tell me about that?

FK: Stan moved over to Taiwan from the US to start our very first factory. I was starting our European operations and he would be working around the clock down in Taiwan and I would fly in periodically to help him. We were doing everything by the seat of the pants. We'd all had some experience in manufacturing, but we had to invent it all from scratch. We made a lot of silly mistakes and we made some pretty good strides forward, but we were thirsty learners and we learned a lot and finally got it up and running.

Phil: Just how small was it when you first hung out the shingle or opened the door?

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FK: How small was SRAM or the factory?

Phil: Both.

FK: [laughs] SRAM was nothing when we started. We had to invent it from scratch, but we did have the benefit of Stan being an MBA. He got his business degree from Northwestern University here, the Kellogg School. He knew how to write a business plan. His business plan was called for us, 'coming up with this product, we'd sell like 100,000 units our very first year, 300,000 by our second year, and then we'd go live on the beach somewhere'.

Our first year we actually only sold about 824 units, a little short of the business plan. Then we had to take most of them back [laughter], but it was the business plan. The business plan called for something great. We thought we were on to something really, really important, that kept us driving forward through some of the despair, so to speak of missing our budgets.

Phil: There's been a thousand and one startup bike component companies over the past 40 years, but very few have reached the heights of SRAM. What do you think your secret might be or if you had one or two key tips for beginners, what would you say?

FK: I think you always working off a bedrock of integrity and commitment to each other, support and openness, listening, really listening hard. I think we both come from parents who taught us the importance of humility. I think with humility can come great listening. It was really from that, that we learned how to iterate our products and keep bringing on superstar players. We slowly built up out of the bedrock, a company that feels pretty darn good to work in.

Phil: That's a remarkable answer. Can you paint a picture today? How does SRAM look today in terms of-- now I know it's private company, so I'm not asking for any financial information as such, but in terms of how many are in your team now or how many countries you might be in? Can you just paint a broad-brush picture of the business now?

FK: Now, let's see, I think we're 4,000 people and it's a blend of fossils like myself and my brother and some of our original team. We've got so many young, passionate, energized employees now that the best we can do is ensure we've got a culture that supports them and then get out of the way, just so we don't have boot marks running over our backs.

Phil: [laughs] Very good. COVID has placed unprecedented demand on bicycle components. How stressful has the last two years been for you and how are you coping with all of that? What's it meant for you guys?

FK: As it all opens back up, it feels so nourishing to be back face-to-face with team members. It's rough sledding when everything's just two-dimensional and Zoom meetings around the clock. It feels great to be back together and it did put a lot of stress on people. We hired a lot of new people during COVID and they didn't have the benefit really of growing up in a system so well supported by culture.

Now we have to backfill that in to ensure they get steeped in what is the culture of SRAM. It is about integrity. It is about humility and passion and ensuring that we can transfer that sense of belonging over to them, is really so important to all of us. We're coming out of it. That's super exciting.

Phil: One final thing I'd like to talk about with SRAM, is the SRAM Cycling Fund. You've mentioned the word humility, so you're probably not going to say it. I'll say it for you, but the SRAM Cycling Fund has donated many millions of dollars to cycling advocacy over the years. What would be one or two projects that you were most proud to have partnered with would you think over the years? Or what would you like to say about the SRAM Cycling Fund?

FK: I would say, we're one amongst many great, great organizations. Though, we've contributed a lot of time and money and hopefully leadership into some really good projects, many other companies are doing it well. It's not just SRAM. I think the bike industry is so passionate about what we do as an industry. We really have this unusual key that we're the bike industry is a small industry, but holding the key to transportation, it is so powerful. That could be transportation in the city to reduce emissions to improve the health, to reduce congestion, all the way to transportation in developing countries so that people can overcome very long distances.

Our industry holds that really unique key. It's not the oil industry, which is a zillion times bigger or anything like that. It's the bike industry that holds this really unique key. There's not a day that I don't wake up thankful to be working in this industry.

Phil: That to me is a perfect point for us to pivot to World Bicycle Relief. With World Bicycle Relief you started with the Indonesian tsunami. Could you talk a little bit about that and what you initially did? Just talk us through how World Bicycle Relief came into being?

FK: Sure. Just like you immediately following the Indian Ocean tsunami, we and the organization at SRAM, we were like, "God, this is just horrible, such tragedy." We were really aching inside and we felt, 'Maybe we can galvanize the organization and raise money and send it to the Red Cross', or something like that. Or, 'maybe we can do something more impactful leveraging our industry's greatest capabilities and provide transportation to those people who had lost so much.'

The oddity is that we called around to most of the leading relief organizations and we proposed doing a large-scale bicycle program. All of them said, “No, just send us your money.” That’s when we decided, and I think it was Stan, I’m scratching my head going, “God, this doesn’t seem right.” Stan just turns to me and he says, “You better get on an airplane and go find out.”

My wife and I flew over to Indonesia and Sri Lanka and began to ask the same question on the ground, would a large-scale bicycle program be impactful? The answer was completely flipped, it was like, “You can do a large-scale bicycle program? That would be amazing!” We partnered with organizations on the ground and we delivered 24,000 bikes and measured the impact. It was off the charts in three key areas in that of education, health care, and economic development. That’s how we stumbled into it. We had a thought and idea, we went and tested it and it proved to be powerful.

Phil: Now let’s talk about the bicycle itself, which is now called the Buffalo Bike and the development of that over time, because we are talking now about 15, 16, 17 years of development of that bike. What are the key features of your Buffalo Bikes? What has been the development story of that?

FK: You probably know more about bikes than I do, but when we first got into Sri Lanka we thought, “Oh gosh, we’re going to source bikes locally and that way there’s an installed base of spare parts. People will know how to ride them, repair them and all that stuff.” We were able to do that in Sri Lanka.

Then when we moved to scale up the programs in Africa, we couldn’t find local suppliers, and quite frankly, the supply chain of bikes that were available was terrible. The producers had come completely detached from the end-users. As a result, the bikes were just breaking. They would just fall apart and break. The producers didn’t know that and they quite frankly didn’t care. We had to go tip to tail to strengthen that bike until we got a bike that it would be worthwhile for us to put in the field in support of some complicated project, like a health care initiative or an education program or in support of rural farmers.

It’s been a long process, but it’s just been so important for what we do. I think we now have other organizations copying us, which is great because we can do a lot and we’re very close to the field and therefore the end-users, but now the people are starting to copy us. That will give our industry the ability to really take this to scale and make a dent in the transportation needs at the bottom of the market.

Phil: You don’t just donate bikes. Do you provide employment and local manufacturer? Can you talk a little bit about that?

FK: We bring in what's called CKDs. Those would be completely disassembled bikes. We set up assembly facilities that have between 15 to 20 people in there and we can end up building 80 bikes a day and the beauty is that our quality goes up and our costs go down by doing it this way. It gives us the ability to really track what is the response in the field to either a new design or how is the bike being used so we can respond and support it.

It's a huge part of what we do. I'm glad we're providing employment and it's like safe employment. They're paid a very fair wage. Again, our quality goes up and the cost goes down. That's the primary driver, but I'm super glad that we're creating employment because it's interesting in a way.

We also train field mechanics. If we train a field mechanic and train them, equip them, put them in the field to maintain and repair these bikes then as we expand our assembly facilities, we have this treasure trove of outstanding workers that know everything about the bike that we can then put into the assembly facility. We have a constant supply of highly experienced people that have seen every method of why a bike either wears down or needs repair or all of that.

On top of that, we started setting up bicycle shops that sell spare parts and bikes. The beauty then is that as these guys become experts in the assembly facility, we then can migrate them in to manage a shop. We have this very outstanding funnel where we get great talent and we move them up through the system, like just a beautiful career path. I wish I could tell you it wasn't entirely planned for the very beginning, but we discovered it by listening and watching, and supporting what goes on in the field.

Phil: How many bikes approximately have you distributed now so far and what rate of bicycles per year and has that been affected by COVID?

FK: I think were up over 600,000 bicycles distributed, and this year I think we might even be close to 700,000. Anyway, this year we'll end up doing about 75,000 bikes through five, six, seven countries. That's a record for us. Last year since we do a lot of bikes through the school systems and the schools were closed because of COVID there was a lull. I think last year we might have done 45,000, 50,000 bikes, but this year we're going to really jump up and nail it and really make an impact.

Phil: They're really huge numbers, aren't they?

FK: Yes. I go, "What the heck just happened?" [laughter]

Phil: It's been about 17 years now. What motivates you to keep going in the hard times and challenging times to keep out this work that you've started and you've been in so closely associated with for so long?

FK: I would say it's the raw impact. We measure everything we do very carefully and we publish the results. I would say it's the impact that we're creating that gets me up on fire in the mornings and carries us through. I just love what we do. It's never been done to this scale before, and the impact is deep, immediate, measurable, and it's new.

In a way we're creating new language for the UN, the World Bank, a lot of these organizations that are trying to make a big difference in poverty and development, and we're providing them data that can help them do it better. Bikes are pretty darn impactful, and what we're doing is really releasing the power of bicycles into these areas that are so desperate for quality transportation.

Phil: Now as you know, I had the privilege of spending a week or so in Zambia with yourself and Leah many years ago. At that time, which was very early in the program you were just considering starting what became the BEEP program. We went out to a school in a remote community and talked about that and met the people there and so on. That is a program that I think is particularly worth trumpeting. Could you explain what does BEEP stand for? What does that mean? What is the impact of that particular program that you do?

FK: Remember in Sri Lanka we found that there was deep and immediate impact in three different critical areas and one was education, the other was health care, and the other one was basic development. We thought, "What we're going to do is we're going to isolate each one of these projects or each one of these categories and start running programs just for those."

What does BEEP stand for? Bicycles for Education Empowerment Program. That program is all about connecting rural students to distant schools, prioritizing the girl student.

We'll distribute bikes to 70% girl students and the rest to boys. It's the impact, attendance goes up, performance at school goes up, tardiness goes down, and the empowerment of a girl student in their own home is measurable, and presentable, and it's pretty impressive.

It's a very good program. I think we've done maybe 200,000 bikes into education programs like that, and they are so moving and so impactful, you saw it firsthand. There's no way you can really walk away from something like that without being deeply moved to the core.

Phil: That's been going for well over a decade now. Do you ever hear any individual stories from now ladies that might write to you or that you hear from through the field that say, "This was my life experience and this is how the bicycle helped me or changed me"? Do you ever hear stories like that?

FK: Oh, all the time. Leah is so good, as a storyteller and gathering stories from the field. She gathered this series of stories about these girls that had to leave school, because they lived too far away from school. When the school principal heard that we were going to do a bicycle program for them, that school principal specifically went and found those girls and said, “You guys have got to come back to school. You’ll get a bike. It’ll make your transportation earlier.” Those girls began returning to school.

The alternative if they had not gotten that bike, if they had not gone back to school, would just be this nasty little spiral as they descend deeper into poverty. Leah’s got beautiful stories about this occurring again and again and again. There’s no silver bullets in the world, but I’ll tell you a bicycle in the hands of a school girl fighting for her education is the most inspiring thing I’ve ever seen.

I remember this one quote from a girl, I think it was in Zambia maybe or was Zimbabwe, she was, “Mobilise me and I will change my world.” That’s a big deal. That’s the power of bicycles. That’s why I’m inspired and get up on fire, you were inspired, I remember being there with you, and just can’t turn your back on that. It’s of the industry we know and love yet most of our experiences at the top of the market Tour de France, and the Olympics, the World Cup, and all that jazz, but right at the very bottom of the market in the deepest poverty it makes a difference that changes lives.

Phil: That’s great F.K. Just two final questions. One’s a bit of a heavy one if you like. Scientists say the climate change is going to have a greatest effect in in sub-Saharan Africa, some of those countries where you are most active like Zambia. How would you respond to people as you say that problems just too big, there’s nothing you could do to make a significant difference. What would you say to those people?

FK: I would say that a bicycle improves the resilience of a community. If we can put bikes into a community, that community can begin to overcome the impacts of these climate tragedies. Literally in the height of the dry season, if it rains on your soybeans, you lose your protein. It’s devastating. The speed of climate change is going to really impact these communities, but a bicycle can help the resilience in so many great ways.

If a bike is in the hands of a girl and that girl goes to school, maybe they’ll leave the world in a little better place than we’re handing it off in. We’re committed, it improves resilience of a community, and the more people we can get into school, more girls we can get into school, the more powerful it’s going to be for the next generation.

Phil: Have you got a few more years left in you F.K. or what's in the future for World Bicycle Relief?

FK: [laughs] I'm aging Phil and it's not graceful. You know what? I think that we've got an outstanding team. If I got plinked by the proverbial bus, our team would just keep sailing right along. I think where I really believe we're going to go, is to a state where if we're doing a million bikes a year, one day, maybe not three years from now, maybe not five years, but if we do our jobs, we will get up to a million bikes a year.

That won't make a big dent in transportation, but we will have demonstrated the power of bicycles and the impact of basic transportation at the very bottom of the market. That will cause tens of millions of bikes to go into the market and that's where the biggest change comes from. That's where this thing takes it to scale. If we can do our job, measure it carefully, publicize it, and have other people copy it, we will really have done our job.

Phil: F.K. you've always been a visionary. Thank you very much for being an *influencer!*

FK: Thank you Phil. Really enjoy seeing you and speaking with you.

Phil: No worries. I'll have to catch up with you in Australia sometime.

FK: Count me in!