

# Dorel's Recreational/Leisure Segment Launches Worldwide Centers of Excellence Strategy

Contributed by Staff  
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Cannondale facility in Bethel, CT to be expanded into world-class Innovation Center

BETHEL, CT, April \*\* In a continuation of its on-going strategy to become the global innovation leader in the recreation and leisure markets, Dorel Industries today announced that its Recreational/Leisure segment has launched a multi-faceted Worldwide Centers of Excellence program. Five Centers of Excellence are being established around the world, with each location focused on market leadership in a specific market segment or expertise.

These centers will be based in:

- Bethel, CT (global headquarters and innovation center for high-end and enthusiast bicycles)
- Basel, Switzerland (for high-end and enthusiast bicycles sold/marketed in Europe)
- Madison, WI (for global mass market products)
- Vancouver, British Columbia, Canada (for active lifestyle and urban apparel and footwear)
- Taichung, Taiwan (for coordination of sourcing, testing and quality of Asian suppliers/partners)

## New Innovation Center

Key to the Centers of Excellence strategy in North America are plans to consolidate all North American product development, marketing and business management functions for all four cycling brands (Cannondale, Schwinn, GT and Mongoose) to Bethel, CT within the newly named Cycling Sports Group (formerly the Cannondale Sports Group).

The Bethel location will be expanded into a world-class Innovation Center for all of Dorel's Recreational/Leisure brands and products. This will help integrate brand teams to power innovation

and to more fully capitalize on the unique potential of each of the CSG brands.

"Our vision is to create the most innovative and admired company in the recreation and leisure marketplace, and to become a global leader, which is why the Dorel segment was established in the first place," said Robert Baird, President of Dorel's Recreational/Leisure segment. "The strategy for transforming that vision into reality requires a unified, collaborative, and highly engaged workforce, relentlessly committed to innovation and supported by management in rapidly advancing the quality of the products and services we deliver. Dorel has acquired several top companies with superior product lines and some of the strongest brand equities in the recreation and leisure sector, including the acquisition of both Cannondale Bicycles and SUGOI Performance Apparel in early 2008.

"The Cannondale purchase led us to segment our bicycle business to provide best-in-class service to the distinct retailer categories. Mass market bikes are sold to consumers through Pacific Cycle, while high-end specialty retailers have been our channel of choice for premium and enthusiast bikes through CSG. Naturally, Cannondale and CSG are key components of our commitment to our Independent Bicycle Dealers (IBD) as we realize how critical IBDs are to the cycling community and to us. In addition to the plans outlined above, and to ensure we delight our customers with our distinctive brands, innovative products and impactful in-store programs, we are also consolidating our North American CSG operations to two locations from five."

## A new mission for Bedford

In addition to its global headquarters in Bethel, CT, CSG will create one of the best bicycle testing laboratories in the world at its facilities in Bedford, PA. CSG will also begin to focus its existing operations in Bedford on:

- Final bicycle and Headshok assembly,
- CNC machining,
- Testing and quality control,
- Bicycle warranty repair,
- Inside sales/service, distribution and
- Customer support/administration (including a new call center on-site).

In shifting Bedford's operations away from bicycle frame manufacturing by 2010, CSG will be able to take full advantage of the strengths and capabilities of the new Taichung, Taiwan-based Center of Excellence in manufacturing oversight, sourcing, testing and quality control. Therefore headcount at Bedford will be reduced from the current 300 employees to approximately 100 by the end of 2010.

The total cost of the overall re-organization plan is expected to be no more than US\$4.5 million, the majority of which will be related to employee re-location and severance. These costs will be incurred over the course of 2009 and 2010. Once completed, the Company expects to realize annualized cost savings of up to US\$4 million.

"Today is the beginning of a very exciting period for Dorel's Recreational/Leisure business," said Jeff McGuane, President CSG North America. Mr. McGuane, who has been with Cannondale since 1994 and most recently was President of CSG International, was named to his new post last month.

"We have realized significant benefits from identifying and acquiring strong brand leaders in the recreation and leisure industries, as well as driving organic growth from our existing businesses. However, for us to continue on our quest to remain competitive and to become the world's premier provider in delivering the top recreation and leisure brands and products that consumers trust and want, we must continue to simplify and streamline our operations to help us drive forward. Creating the Center of Excellence in Bethel, consolidating our CSG resources within North America to two main locations, and leveraging the manufacturing resources at our Taiwan-based Center of Excellence are critical steps along the path of achieving our objective - becoming the global innovation leader in the recreation and leisure segment," concluded Jeff.