With the completion of the first two benchmarks, which involves a detailed analysis of four existing bike sharing systems, it is easy to look back and distinguish common techniques that generally do and do not work in relation to the performance of the organization. Factors we found beneficial include: support from the community, the use of a smartphone application, and a strong focus on advertising as well as the investment in high quality bikes. Practices that should be avoided consist of highly priced subscription rates and limitations on the target market.

The functioning and success of a bike sharing system is greatly influenced by the city in which they operate. For example, the city of Mainz in Germany has already set in place an efficient infrastructure for bicycle usage. This was extremely helpful in terms of the funding required for implementing MVGmeinRad. The city’s partnership and its positive perspective on the program will significantly help its chances of success. Similar to what we learned in Finance, management will decide to follow through with an investment if it is expected to provide a beneficial return. This is the case in Antwerp and Lille, where city administrators provide support in terms of sufficient infrastructure, biker safety regulations and funding.

The use of a smartphone application corresponds with the growing trends we discussed in Marketing, such as the push for technologically driven systems and desire for immediate results. Both V’Lille and Bicing Barcelona have created smartphone applications that are widely popular amongst users due to the app’s great convenience and multipurpose functioning. These systems allow for on-the-spot registration, real time information on available bikes and docking locations, and even make biking into a game by calculating calories burned and happiness levels achieved. Giving riders access to this information may aid in a smoother flow of operations when it comes to the transferring of bicycles between docking stations. In logistical terms, this can be considered a reduction of setup time.

 A practice we find necessary for a program’s success is a strong focus on advertising, and particularly free advertising. Velo Antwerpen has accomplished this by building their promotion largely on the internet. A Facebook page allows individuals to find out more information, post inquiries, or even pictures of their personal experiences with the program. Velo Antwerpen has also made use of free publicity at their introductory stages solely due to the curiosity of media sources. Bicing is also known for taking full advantage of word of mouth advertising, which as we learned in Marketing, is responsible for 67% of a company’s sales.

Lastly, since all bike sharing systems run on the functioning of bicycles themselves, it is extremely important that programs make a commitment to the investment of high quality bikes. By doing so, the program will benefit in the long run by avoiding common replacement and repair expenses. MVGmeinRad has been smart in doing just this. Also, depending on the surrounding environment of the program, it may be a good idea to introduce an additional bike style option, giving consumers more choices. This relates to the concept of product modification as a way to gain the attention of new consumers, as discussed in Marketing. Bicing has recently introduced a line of electric bikes, which have the purpose of shortening the time of long distance rides.

 While it is important to take note of the beneficial techniques used by successful bike sharing systems, it is also critical to recognize harmful behaviors when establishing a new program. Firstly, after analyzing the four programs discussed above, something we noticed was that the price factor of bike sharing programs often contribute to a majority of the issues experienced. Programs need to be aware that subscription prices largely influence an individual's decision to participate, and therefore need to avoid charging unreasonably high prices. This relates to the topic of price elasticity covered in Marketing. These types of businesses have elastic prices, meaning that a small change in price will cause a much larger change in demand. This occurs as a result of the various other forms of public transportation available for use in developed locations. Limiting the target market of a bike sharing system may also cause restraints in profitability and growth possibilities. MVGmeinRad and Bicing in particular lost out on an opportunity to maximize profits by preventing tourists from joining the system. For this reason, it is critical that bike sharing programs study and take into account the various groups of people that will find value in their organization. Or in other words, engage in market segmentation. We now plan to implement a majority of these beneficial techniques and avoid detrimental practices when designing our own bike sharing system, and we will do this in a location we feel would significantly benefit from one.

Straddling the state borders of California and Nevada, Lake Tahoe is one of the largest freshwater lakes in the Sierra Nevada. What makes this a unique area is that it is surrounded by two popular cities, South Lake Tahoe and Tahoe City. Much of the shore is protected by the United States Forest Service and by the state parks, making the beautiful and scenic views easy to access via bikes and other modes of transportation. If we use the different environmental concepts we learned about in Management, (acronym PESTEL), we can recognize that this abundance of paths strengthens the institutional environment surrounding Tahoe Cycling.
 Part of what makes Lake Tahoe a great place is the sheer amount of activities offered to its 3 million annual tourists and 53,000 permanent residents, which we will define as our target market. These groups may very easily take advantage of the abundance of paved and unpaved bike paths of Lake Tahoe as a form of exercise, or sight seeing. The lake has a total of four paved bike paths and a large amount of unpaved paths spanning for the Northwest, Northeast, Southwest and Southeast of the lake. These various paths are great because they offer different views of the lake from different elevations. Another great feature is that each trail has a different challenge factor, providing options to riders looking for advanced trails or bikers with the intentions of a casual ride. There are also challenging mountain biking trails around the lake that provide fantastic views.

The Tahoe transportation district is currently working on a project called “America’s most beautiful bikeway,” which consists of a path that starts at the northern part of the lake and continues on southwards. This path plans to encompass 30+ miles of path and breathtaking views, attracting tourists as well as residents. This proposed path would also connect to other transportation facilities, recreational areas, community centers and even neighborhoods surrounding the lake.

We have decided to narrow our functioning of Tahoe Cycling in both Tahoe City (Northwest part of the lake) and South Lake Tahoe (Southeast). Both cities already have appropriate infrastructure in place that accommodate riders of all kinds. It is important that our group focus significant attention to the fixed asset purchases necessary to effectively launch the program. In Finance, we learned that most companies with a high level of fixed assets generally experience higher operating cash flows due to the limited amount of cash tied up in inventory. It is therefore vital to carefully analyze the type of investment we plan to make on bicycles and other fixed costs. This will enable us to provide the best service possible to the customers while ensuring we run a profitable business.

An effective bicycle design is necessary to help market the program to potential customers, as well as provide a safe method of transportation. Since Lake Tahoe features both variable weather conditions and altering terrains, we believe there is a need to provide bicycles that take both of these factors into account. As a way to differentiate our bicycles from the rest of the competition, we plan to implement forest green-colored bikes with blue stripes intended to represent the lake and surrounding forest. Second, with the relatively hilly terrain surrounding the lake, there is a recognized need for mountain bikes along with standard road bikes. Tahoe Cycling will have a combination of regular bikes and mountain bikes dispersed throughout its territory. This will help expand the customer base by reaching out to more adventurous riders, in addition to individuals looking for a leisurely ride.

A major theme in Marketing is product differentiation, which is important both to attract new customers, and to generate an increased market share in the industry. Per the Boston Matrix we learned about in both Finance and Marketing, a new product starts out as a Wildcat, but can eventually become a Star with increased interest and funding. A “Star” is the market leader in the industry and the most sought out product/service on the market. Launching this product will place us in the Wildcat territory to start, so it is important to find ways to increase our market share so we do not end up as a useless “Dog” in the industry. As it related to this concept, Tahoe Cycling bikes will contain rain covers, seat warmers, and have an option at checkout to purchase a bike trailer for kids (customer must, however, pick up their purchased trailer at the program’s office location). These additional features are relevant in the Tahoe marketplace, as it not only protects the riders from the rain and cold, but also accommodate the needs families. This also coincides with a major theory in Management called obliquity. Obliquity is the focus of a company on delivering the best product and service possible (mission) instead of narrowing the vision towards certain goals (profit).

Next, in order to have bike sharing operations run smoothly, we must look at the implications of logistics and the provision of an accessible and convenient service to the customers. More specifically, it is crucial that we keep up with the transferring of bikes between stations to create the most efficient system, optimize our time, and prevent any structuring problems (concepts learned in Operations and Management). We plan to provide bike shelters for our docking locations and to keep the bicycles under cover during the winter months. Additionally, we will implement a locking feature on the biking docks to prevent users from renting out bikes on a hazardous day for riding. This feature will help build a mutual trust with our customers and prevent injuries from occurring on days with dangerous weather conditions. Providing a service the customers value and appreciate may result inword of mouth (WOM) advertising for our program. As a startup program, WOM may be our biggest asset when it comes to Marketing the system. It is also important that we incorporate these security and safety measures into our program so we can limit our spending on replacement costs. This will also enable us to focus more on managing and marketing our current system.

 Because Lake Tahoe’s population can increase more than ten-fold due to tourists, it is just as important (if not more important) to create a bike sharing system that caters towards visitors as well as residents. There are four main categories of consumers who will be targeted to participate in our bike-sharing program: those who live near Lake Tahoe year round, those who live there seasonally, tourists who rent seasonally, and tourists who stay at the lake for short periods of time (roughly three weeks or less). Residents will be offered yearly and monthly subscription plans, while tourists will be given the choice of a weekly or daily subscription, along with a summer-long option. Tahoe Cycling will most likely have high startup costs due to the need for safety regulation implementation and sheltered bicycle docks, making for a higher pricing model. Considering South Lake Tahoe’s reported median household income of $41,380 in 2010-2014, a value lower than the median U.S. income, prices should be kept lower for residents. Not much data can be found on average income for tourists, but it is most likely higher than average simply because of how popular Lake Tahoe has become for vacationing. Our company would therefore set slightly higher prices for tourists to help balance out the discounted residential pricing.

Since we do not want to start out with prices that will scare potential customers away, Tahoe Cycling will use a demand-oriented target pricing strategy, which is a pricing approach we learned about in Marketing. This means we will calculate our starting price based on our final goal price. If the company focuses on demand and getting more customers, we will be able to incrementally raise our prices to reach our target. Bike sharing programs generally have moderate elastic demand, but because Lake Tahoe has not officially introduced any sort of bike sharing program, demand is likely to start out as at a low level of elasticity. Before we go to exact numbers, however, funding is something that needs to be discussed.

Tahoe Cycling would like to partner with various hotels and resorts as locations for docks and also as a source of funding. If a partnership was formed with these types of tourist activity centers, we could potentially be paid for advertising on the bicycles and docking stations themselves - this will be the primary mode of market entry. Because it will take some time to get this underway, we hope to receive an initial grant from the cities of South Lake Tahoe and Tahoe City. The grant should not be difficult to acquire due to the projection that the bike-sharing program will stimulate economic activity with the establishment of jobs, encouraging tourists and residents to spend more money. If we are not able to acquire the grant, Tahoe Cycling plans to finance through bank loans, a form of debt financing we learned about in Finance.

It is difficult to set exact prices, but estimates can be made based off of the concepts discussed above and the prices we have seen in other bike sharing programs. To start with, we will set yearly subscription rates at $50 and monthly at $15.80. The eventual goal will be to raise yearly prices to $56 and monthly to $17.80. Tourists, meanwhile, will be given the option of a $12.80 weekly subscription or a $4.00 day pass. Similarly to Velo Antwerpen, bike usage past an initial amount of time will cost extra. The first three hours will be included in the day pass purchase, but each hour beyond that will cost an extra dollar. The weekly and daily passes will be adjusted for inflation, but there is not currently a higher target goal. Finally, tourists will be allowed to purchase a summer subscription for $40. Tahoe Cycling hopes to eventually raise that price to $44.50, if demand allows.

To register for Tahoe Cycling, customers can either go to a service desk or use the app designed for the program for greater convenience. When using the app, registration for the program will require both the creation of an account (with username and password) and payment on file. Ease of registration will contribute to a smooth logistics supply chain, which is critical according to what we learned in Operations. The sales force automatization, which we talked about in Marketing, creates high levels of efficiency and allows for more analysis and control of sales.Each docking station will also be equipped with a mini-kiosk that allows check out bikes and instructions on how to register via the smartphone app. Docking stations will also be equipped wifi hotspots, which should further encourage the use of the mobile app.

This app,named LTC, will have many features that should make it extremely attractive to consumers. Not only will the app have registration features, it will also include the option for social media connection. In an increasingly social world, it is vitally important that Tahoe Cycling has a strong presence on this platform. Each new generation is becoming more involved with social media, creating a wide, but singular channel for communication with users. Social media representatives will maintain accounts on all social media platforms, focusing specifically on our program. The app will allow riders to track the number of rentals, miles biked, and locations visited. Riders will simply use the app to begin and stop their individual or group journeys on our bikes. These statistics will be useful not only to the users themselves, but also to friends of users. Upon downloading the app, riders will have the option to connect with these friends. Customers can use this network to challenge each other to mile goals or usage goals. They can create groups to compete against other teams, with contests such as “which team can bike the distance of the Tour de France first?” Participants will be encouraged by receiving “awards” to display on their profiles. The implementation of LTC will help aid organizational efficiency by preventing the external alignment problem, as we learned in Management. This is because of its ability to constantly communicate with customers and its presence as a source of innovative marketing.

Tahoe Cycling will use a variety of channels in our marketing campaigns. According to the Product Lifecycle, which we learned in Marketing, we will market in four phases. During the first phase, introduction, the goal is to inform the consumers about our new service. We will advertise throughout the surrounding area of Lake Tahoe and use sales promotions (short-term incentives to sign up) such as discounts for early registration. In the next phase, growth, marketing will focus on persuading the customer to register for the program by both keeping up our advertising presence, but also adding a personal selling aspect to the mix. We will use our salespeople to partner with established businesses throughout Lake Tahoe, expanding our brand on a larger scale. Third, during the maturity phase, Tahoe Cycling will use its marketing team to remind the customer why they are invested in the company through reminder-advertising and direct-mail reminders (such as flyers for registered customers who might not have used the bikes for an extended period of time). Lastly, which we hope will be in the far future, we will use minimal resources for marketing during the decline phase.

As our business continues to grow and mature, we are going to face new obstacles, such as bike repairs and replacements, obsolescence of bicycles, and the fluctuating popularity of Lake Tahoe. As we learned in Finance, investments of this nature generally have a limited useful life (Bicycles last approximately 6-8 years for the average rider). Requiring calculation of the Reorder Point (ROP formula learned in Operations) near the end of useful life in order to satisfy the demand from our customers. Our main goal is to generate high amounts of cash flows in earlier years to be able to sustain our business during the low points. Specifically, we might face obstacles during the winter months, which make travel via bike not as desirable. With our business plan, however, we are aiming to operate with low day-to-day costs. Most costs will be incurred during our initial Investment Outlay. With this strategy, during periods of low activity, our business will not suffer dramatic losses in profit. Overall, Tahoe Cycling already has the resources available that are perfect for a bike-sharing program to grow: the geography is favorable to biking, the population turns every few weeks due to tourists, and the city has not seen this type of public transportation before. With the introduction of Tahoe Cycling, residents and tourists of Lake Tahoe will have the entire city at their pedals.