

NOT JUST A TEE SHIRT COMPANY _ THE POLARIS INDIAN

By Phillip White

The Acquisition of the Indian Brand by Polaris Corporation represents a major mile stone in the many and varied attempts to capitalize on this most famous of all motorcycle names.

As readers are doubtless aware that although there have been many attempts to revive the marque the only enterprise of any note has been the Indian Motorcycle Company of Gilroy California. They produced approximately 14,000. Bikes. This corporation went into receivership in 2004 when their bankers pulled the rug on finance. The trademark and tooling was acquired by a British owned company called Stellican who shifted production to Charlotte North Carolina. These bikes are known "Kings Mountain" Indians. Their products were a refinement of the Gilroy design and a much better bike however less than a thousand were built. The original asking prices were very high and the times in the states being as tough as they are the whole shooting match was acquired by the Polaris Corporation. Exact details of the transaction are not known but rumour has it the price was less than 7 Million Dollars which if correct would make it a real deal for the purchaser.

HISTORY OF POLARIS

Here is a potted history of Polaris. They started out in the fifties making snow mobiles. They grew steadily and added Jet skis and other off road and watercraft supplying not only the consumer market but government agencies, police and the US Military. In the early nineties they commissioned Market Analysis of Polaris customers which revealed two interesting facts, firstly that there was a high degree of brand loyalty evidenced by Polaris customers and secondly that many folk who owned Polaris products also owned motorcycles. At this time the motorcycle boom was shifting into high gear primarily driven by boomers who had finally painted their way out of the kitchen and could now afford a big bike. Polaris decided to get into the act. At first they intended to make a dirt bike as this would be a synergistic fit with their existing products. They began acquiring KTM stock and to this day still own a sizable slice of that entity. However their research group decided to look a little closer at the cruiser phenomenon. To that end they purchased both Harley and Yamaha cruisers, stripped them to their component parts and reverse engineered them. An analysis of production costs indicated that the big bucks were in big bikes so they drafted personnel from their large and talented engineering and design divisions and set about designing a cruiser from scratch. The name ' Victory ' was chosen to represent this brand new entrant to this very competitive industry. A number of the staff of this new division including the head guy were expatriate Englishmen who had all spent many years working in the British motorcycle industry, mostly with Norton Villiers. There was to be a great emphasis on performance and handling with this new design which was not exactly what 90,s cruisers are remembered for.

There was quite a bit of input from various other British sources including engine development by Cosworth. At one stage handling problems were encountered until the head guy remembered the Norton Racing shop telling him that the secret behind the mighty Manx was that it had its crankshaft in line with the wheels thereby preventing these three gyroscopes from fighting each other. The engine was dropped an inch and bingo! Problem solved .The factory built a test mule appropriately named Francis to test various combinations of suspension, trail, head angle etc. This meccano like

device was powered by a HD sportster engine and contributed greatly to the reputation for fine handling that Victory machines are known for today.

Eventually four prototypes hit the streets around L.A. and Vegas in mid-summer. They were air-cooled. Oil cooled and liquid cooled. The two air cooled units failed miserably at controlling engine temperatures for the sort of power output the designers were targeting, blanketing down town L.A. with vast quantities of oil smoke. The liquid cooling worked ok but added weight and complexity. It was obvious that the oil cooled unit was the way to go and all victory power units are so cooled today.

Victory wanted to have their bikes look as far from Harley Davidsons stock products as possible. At the same time the Japanese were moving closer and closer to the look of an "American Motorcycle" i.e. Harley. Remember the first hideous Kawasaki Vulcans? They were actually good bikes but the public dubbed them "Chinese Choppers". Polaris seems to have used the U.S. custom scene at that time for its inspiration. With an elongated headlight, Radical fenders and paint jobs etc. This futuristic styling has continued through to the current generation of bikes. Interestingly, the Japanese have jumped on their coat tails, if you look any of the oriental cruisers today they are either Harley clones or Victory clones.

To get the skinny on what Polaris is up to I interviewed Rick Thomas who is the Retail Operations Manager for Victory and Indian Motorcycles. Although the Victory Motorcycle division of Polaris operates a large dealer network there are only two wholly owned factory outlets in the World, one in Sydney and one in Melbourne and both are ricks territory. Rick is a well-known figure in the motorcycle scene here. Before taking up his current position he was for over four years the district manager for Harley Davidson with overall responsibility for Victoria, Tasmania, South Australia and New South Wales. Since this article is aimed at Indian Enthusiasts It is worth mentioning that Rick is quite familiar with our beloved Spring field bikes and in fact Club member John Fontanella, s pristine Brown Chief was purchased from Rick as a basket case. He owns a couple of Victories including a Cory Ness Jackpot which carries the serial number One.

I asked Rick to explain the motives behind the acquisition of the Indian Brand. He produced an interesting pie chart from company research that divided American cruiser buyers into 5 categories. There are the everyday riders, these folks are serious and no nonsense. They represent 10% of the market. Next come The Weekend riders. They tend to be wealthier and their bikes are toys to be parked next to the Porsche. These folk are also a 10% segment of the graph. The next group is the "Show off "rider. These guys are image conscious and want the latest in looks and performance and make up 14% of the market. They are also huge consumers of accessories. The second largest group at 21% Of sales is the performance enthusiast. These folk love bikes and their technology, they are not so interested in being noticed and they want their bikes to honk.

Now Victory motorcycles with their radical looks, build quality and superior performance {see the test] can supply bikes for these first four categories these except the very biggest demographic at number five," The Die Hard Rider." This group represent a whopping 39% of the market and to quote directly from the chart "This is the classic traditional biker. American Heritage, brand, personalization and status are mandatory. To him, the lifestyle is just as important as the ride". That all spells Harley Davidson. Last year the Motor Company sold nearly 7000 motorcycles in Australia to Victory's 600.

H.D. has got an absolute hammer lock on this slice of the market. Of every four bikes over 600cc sold in oz one of them will be made in Milwaukee. Harley riders just won't be seen on anything else. It would be un Patriotic and all those funny For'n Bikes are best left to Commie Bed Wetters. If performance and technology was the only yardstick Harley would lag a long way behind Victory but instead they own the cruiser market. Most of the Harley guys I know are so dedicated to this brand that if Harley were still making Shovel Heads these guys would buy them in preference to any other bike no matter how good.

Polaris wants a slice of this pie. Now the purchase of the Indian brand makes perfect sense. If they can produce a quality heritage machine that is its own bike they will sell them.

On the surface it would seem a nigh on impossible task to make inroads into this Die hard segment of the market that is the motor company's turf so it might be interesting to compare the relative health and wealth of these two companies.

All is not well down on Juneau Avenue. Harley ramped up production and expanded their facilities in the years leading up to the Global Financial Crisis. They ramped up production to such a level that problems emerged with cam shafts scalloping as a direct result of the grinding machines being run too fast. To pay for the expansion of their facilities and break even it is thought that Harley would have to sell about 245,000 bikes a year. In 2007 they sold 350,000 units. Last year it was down to 230,000. To compound the problem there is the fact that H.D. ran its own finance arm. These wild boys down in the cellar sold a lot of bikes to folks who qualified for the loans based on the value of their house- You guessed it. With the collapse of the U.S. housing market Harley repossessed a vast quantity of these now aging machines and rumour has it they are running their own grey market to get rid of them. Certainly in the last six months Harley Davidson Australia held a dealer only auction of repossessed second hand bikes which by industry standards is quite extraordinary. There is also a tidal wave of imports coming through the secondary importers because under the RAWS compliance scheme there is an anomaly where car numbers are limited but motorcycles are not. This is all putting pressure on the once "Licences to print money" Harley franchise and a lot of authorized retailers are prepared to cut a deal, something hitherto unknown in Hog Land.

If this all sounds all a bit unlikely consider their stock price. In 2006 it was \$74.93 today it is only \$45.11. Meaning H.D is only worth around 60% of their 2006 value. Obviously investors have judged the company's position to be nowhere near as rosy as it once was. With these sort of figures the Bar and Shield may well become the target of a hostile takeover. The biggest market for luxury cars is now China, It would be not unusual for a Chinese consortium to take the long view on the future of this famous brand and set out to acquire it. Imagine the vast market for status conscious Chinese folk down the road a decade or so, especially if the bikes are built in the U.S.A. with by then, cheap American labour. Harley faces other headwinds as well. All those Boomers who bought Hogs are heading toward retirement and have bought their last bike. Because of the undeniably good build quality and high retained value of Harley Davidson Motorcycles, these folk generally already own the bike that will "See them out" as retired folk say. This is why Harley is promoting its Sportster range so much. They are seeking to lock in a younger demographic. Sales of Sporties are up by 10% despite a price hike. The prices of the FLH range have been raised as well whilst the Softail and Dyna ranges have dropped because of reduced demand for these models.

Finally there is the problem of style. Back in the sixties Harley attempted to radically modernize the look of their Sportsters which were after all a fifties design brought out to combat the much faster and cheaper bikes from England. These restyled Sporties simply did not sell. They piled up in the dealerships and Harley was forced to supply their dealers with retro kits to return the bikes to their traditional look to get the buyers back. Harley never forgot this lesson and to this day their fortunes have been founded on a Harley looking like a Harley. The motor company is a victim of its own success here. Consider the Vee Rod, this bike is a strong running scoot but even at a lowly 8% of production they sell like maggot sandwiches. Harley Folk just can't relate to any bike that "Doesn't look like a Harley, even if it is a Harley. I don't know the figures on the Vee Rod but I reckon they have not made much out of this design. The bean counters have axed Buell I and got rid of the ill-fated MV Augusta purchase. [What the hell were they thinking?] The loss of The Buell line up further limits the ability of H.D. to design outside the box. They could not build an "Indian "but Polaris, with zero cultural history can. I have owned lots of Harleys and thoroughly enjoyed them and cheerfully acknowledge that their bikes have a unique feel and appeal. The motor Company has survived in a cut throat business for over a Century and I sincerely hope they will still around in the future under the current ownership.

Now let's have a look at Polaris's Financials. Their stock in 2006 was \$45.00 now it is \$118.06 and climbing. Apart from acquiring the Indian Brand they have also picked up GEM, the global electric Motor vehicles division off Chrysler. With emissions laws getting ever tighter there is obviously enormous potential here. Their high stock price reflects the fact that the share market has judged them to be a dynamic, diversified and well-funded company on a path of solid growth. They have the resources to launch a well-engineered new Indian and as mentioned they can cheerfully use any traditional styling cues they like in its design without conflicting with their existing Victory products. In fact there is an irony here. Back in the day when H.D and The Iron Redskin were bitter rivals The Indian was, in my opinion, always a superior product featuring Unit construction, fearless styling, lighter weight and better handling with great reliability and performance by the standards of the day. They always cost more than Harleys and the Indian Motorcycle Company was only bought to its knees by undercapitalization and poor management. Today the resumption of the battle between these two famous marques, both home grown, all American motorcycle companies slugging it out toe to toe for the cruiser market is exciting and can only generate one clear winner_ The Buying public.

Since the new machine may well use some form of the existing Victory power train it is worthwhile giving a quick ride report. The Melbourne Victory Shop loaned me a 2010 Cross Roads for a few days. This model is a bare bones bagger with a simple screen and is the equivalent to Harleys Road King. Though I have ridden a fair selection of Modern cruisers I only knew of The Victory line up through subscribing to an excellent publication called Motorcycle Cruiser. They regularly pit various same class machines against each other in extended tests with multiple riders. They seem very fair minded and call the bikes as they score them. Over the years they seem to consistently rate the Victory as having the best power plant and handling so I was curious to ride a Victory and form my own opinion. Let's list the negatives first. They are: very clunky gearbox, it shifts o.k. and the ratios are right and is almost acceptable in the higher gears but compared to the Baker six speed I experienced on the Kings Mountain Indian I tested recently [see previous articles] It is a bit yesterday. Though Rick tells me the factory has addressed this problem on the latest bikes. The small speedo stuck way the hell out on the steering head doubtless gives a wealth of information, none of which could my

middle aged eyes could read and that includes the speed numerals. The screen was a little short for me and gave rise to some helmet buffeting but I understand a taller version is available. The last issue is the styling. It is daring and different and it grew on me but it does not seem to sit well with the general public. My wife, who likes bikes, thought it was "ugly" Liking a bikes looks is a very subjective thing but this should present no problem if traditional Indian styling is adopted on the new machine. If I wanted to be looked at I would get more attention on the huge Gilroy or Kings Mountain motorcycles. That's about it for gripes let's talk about the pluses which are many. The first thing I noticed was the lightness of the bike pulling it off the stand. Far less effort than a Harley and I guess that's the Aluminium frame at work. Although it is a bigger bike than a Road King being 104.4" long vs. 94.2" for the FLH. The Victory manages to be about 40 pounds lighter than the Harley. Some testers have criticized the bar width and this, together with the long, long risers from the steering head give a slightly strange Tiller like effect to the steering at low speed. It takes a little getting used to and I would say the bike loses out to an FLH in the slow speed handling department though I am sure more time in the saddle would render this a non-problem. Once under way the next thing to impress was the relative quietness of the whole plot. No induction roar and a nicely muted exhaust. However even though this bike is a stocker, Wick it up and this thing hauls. It is quite simply the best and nicest engine I have ever ridden with. Massive torque is on tap from clutch engagement until the rev limiter wags its finger. Yet this mill has the ability to rev so it is the best of both worlds. It is civilized and vibrationless yet with just enough Vee Twin pulse back through the bars to keep a smile on your dial. It is the only motor off this type I have experienced that will pull sixth gear from 90K without any sign of distress, pretty impressive and with slightly better fuel consumption than the Milwaukee Mill. I really loved this 106" donk. I have ridden Twin Cam 88,s 95,s 103,s and even a CVO 110 incher. This motor is better than all of them in my opinion. It would eat any Stock Harley. And of course there are upgrade kits if you felt the need for speed. The next big thumbs up are the handling. World class suspension is fitted front and rear and the big rig just glides over bumps in great style and tracks beautifully at any speed./ At one point I positioned the bike in the wake of a tandem brick truck. This would have had most screened bikes bobbing about but the Cross Roads just stayed planted. The bike is big fun in the twisties as well with excellent ground clearance. I well remember the various road kings I have owned and how my garage featured boxes of Rear suspension units, air cleaners, Ignition modules, and cams. Seats, etc. That I had changed in an attempt to get some performance and handling. None of that required with the Victory. The brakes were good too, Nice and controllable. There is an ABS option of course and I would probably want it. The footboards look like they escaped from Batman movie but they sure do work, giving any amount of space to shuffle your feet during a ride. A first class seat as well. Though if this were my bike I would opt for cruise control and a rider's backrest. [The new models have C.C. as standard] So not only does this machine beat an equivalent Harley in just about every way but it is priced significantly lower as well. There is really no need to spend big bucks improving the bike; it's improved right off the showroom floor. But most buyers still opt for Harleys. Polaris will have a daunting task in front of them to convince the average Harley Buff to switch allegiance to a reborn Indian brand such is the might of the Harley mystique. They will face opposition from some sections of the old bike scene as well. A number of die-hard Indian Buffs could not stomach the Gilroy bikes and there is little likelihood that they will be any warmer towards a Polaris Indian either. This is not going to be an issue in the wider world since most of their prospective customers will only know Indian as a famous brand with a really cool logo. I wish them every success and if the new bike is as

good as I expect it to be than I will probably buy one. Now let's speculate on what the new Polaris Indian might be. The information available is a little hard to come by but here goes.

Save for possibly some styling cues Polaris will keep nothing from the Gilroy design. They will assemble bikes to order from Stellican stock if an existing U.S. dealer places an order. They will allow no exports and there will be no dealerships in Australia until the new product is ready for release. This is understandable as the Kings Mountain product is; after all, a Harley inspired power train and quite frankly, not sophisticated enough for a mass market. It seems there was not that much stock included with the purchase and indications are that on release of the new Polaris Indian remaining stock will be disposed of to the Niche market of Gilroy Specialists that have sprung up. In Australia the new bikes will probably be sold out of the Victory premises.

The new design will probably have a steel chassis, spoked wheels of course, with probably a 18" wheel at the front and traditional styling including the mandatory skirted fenders. Polaris will face the same design hurdles with the rear fender and suspension engineering and styling as both Gilroy and Kawasaki did with their Indian knock offs. I will be keen to see how Polaris resolves this issue. The power plant and drive train will be based on the excellent Victory 106 c.i. engine but with styling changes to give a more period look. Victory has a 118" big bore kit available for its engines but my bet is that Polaris will stroke out this already long stroke motor to give even more dig out ability in green light Gran Prix's. I reckon the capacity off the show room floor will be around 112" but of course there will be a big bore kit available to give around 124" which is getting towards the practical limit for this type of engine. This bigger capacity and mega torque delivered further down the rev range together with a slightly "olde world" rawness engineered in will give the Wow factor that Cruiser riders {me especially} crave. The bike should be able to blow just about any Hog into the weeds. It will be a simple bagger with minimal distractions but great street presence. The speedo and switch should be located in a tank panel as per the original. The first colour schemes will be simple solid layouts featuring the Original Indian Red and Sea Foam Blue on the first releases. A solo tasselled or jewelled seat should be provided only. Want to carry a Pillion? Talk to the Sales person who will lead you through the not inexpensive accessories catalogue. The finished motorcycle will have to be as much a head turner as the Gilroy products were. A host of Gee Gaws will be available, whatever you want; Polaris is going to let you buy it. As a premium product The New Indian is likely to be priced higher than a road king and less than an Ultra Classic. Polaris may opt for a full dress version but that is doubtful as they already make the well-appointed Victory Vision and traditional Indians never evolved in that direction. There is also a fair chance that an entry-level scout may be introduced to go head to head with Harleys popular Sportster. If so the base model would probably be priced undercut the Sporty and would be a physically small but powerful bike with a raw Hot Rod edge to it. That would lure younger riders and steal a piece of Harley's territory. If it was cheap enough well-heeled Harley guys might put one in the garage just to be different Thereby giving the Indian brand a foot in the door.

In closing it is worth speculating on where the market will place the Gilroy products. There are three basic models. The Sand S powered original Chiefs and Scouts, the 2002 and 2003 Power Plus Chiefs and the later Kings Mountain bikes. These bikes are not great motorcycles. Their high prices on the second hand market are due to their exclusivity and tremendous road presence. The general public love these bikes however if the Polaris Indian manages to be a real show stopper and priced in the mid-thirties than the Gilroy's are going to have to rank up behind it. The possible exception here is

the vastly improved Kings mountain product. It is likely to become a collectable in its own right since so few were made. Time will tell.